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# HIGHLIGHTS

## General Fund Financial Status

With the 2016 Session changes, the state would finish the current biennium (FY16 & FY17) with a projected ending balance of \$267.9 million, or \$4,522,070 above the statutory minimum 3% reserve.

The Cash Reserve Fund balance is projected at \$654 million at the end of the FY16/FY17 biennium however the unobligated balance is \$634.2 million as there is \$20.4 million of statutory obligations scheduled for FY19, FY21, and FY23 for the State Capitol HVAC project.

With the 2016 budget actions, average spending growth for the FY16 / FY17 biennium increased slightly from 3.5% as originally enacted to 3.7% when including these 2016 changes.

Revenue estimates for FY2015-16 and FY2016-17 are the February 2016 forecasts from the Nebraska Economic Forecast Advisory Board (NEFAB). These forecasts yield a projected adjusted revenue growth of 4.0% in FY15-16 and 4.0% in FY16-17, an average growth of 4.0%. This two year growth is slightly below the 5% historical average, the average growth for the three prior three years was 4.7%

The financial condition for the following biennium (FY18 & FY19) deteriorates significantly based on current planning estimates. The current financial status yields a projected balance that is \$234 million below the minimum reserve at the end of the next biennium. In the projected status, average spending growth (4.4%) and revenue growth (4.7%) are relatively even. The growing imbalance is largely due to the fact that the revenue and spending impact of 2016 legislation increases significantly in the following biennium due to operative dates and phased-in implementation. In FY2016-17 the combined impact of revenue and spending bills totals \$5.4 million, \$2.5 million increased expenditure and \$2.9 million reduced revenue. The combined annual impact grows to \$54.2 million in FY18 and \$64.3 million in FY19.

A key to the financial status for the following biennium is the October 2016 meeting of the Nebraska Economic Forecast Advisory Board (NEFAB) when the initial NEFAB forecasts for FY17-18 and FY18-19 are made.

## General Fund Budget Adjustments

The mid-biennium budget adjustments enacted in the 2016 legislative session result in a net increase of General Fund new appropriations of \$4.2 million over the two year period. The committee also reduced reappropriation of prior year unexpended funds by \$98.9 million, all in Dept. of Health and Human Services (DHHS) aid programs.

In addition to the increase in General Fund appropriations, the Legislature enacted \$4.8 million of transfers from the General Fund to other Funds. This does not include an additional \$20 million per year transfer to the Property Tax Credit Cash Fund as enacted in LB 958 which starts in FY2017-18 part of the next biennium.

A more complete listing of all General Fund items can be found in Table 16 on page 41 and a narrative description of these items starts on page 43.

<b>Major General Fund Changes - Appropriations</b>	<b>FY2015-16</b>	<b>FY2016-17</b>	<b>2 Yr Total</b>
Dept. of Correctional Services operations	4,437,667	11,250,337	15,688,004
DHHS-Child Welfare aid, projected shortfall	0	15,000,000	15,000,000
DHHS-Developmental disability aid, waiver reimbursement	11,340,542	0	11,340,542
DHHS-Managed care enrollment broker	0	3,445,925	3,445,925
2016 Session A Bills	0	2,516,106	2,516,106
DHHS-State Ward Permanency Pilot, costs and waiver reimburse	1,373,812	500,000	1,873,812
Revenue-Homestead Exemption	600,000	1,200,000	1,800,000
Attorney General-Ongoing water litigation costs	307,900	921,500	1,229,400
State Claims	1,035,297	0	1,035,297
DHHS-Alleviate court ordered wait list, Lincoln Regional Center	0	1,061,232	1,061,232
DHHS- Additional funds, fed qualified health centers (one-time)	0	1,000,000	1,000,000
Community Colleges- Additional aid (one-time)	0	1,000,000	1,000,000
DHHS-Medicaid, excess appropriation	(20,000,000)	(10,000,000)	(30,000,000)
DHHS-Public Assistance, excess appropriation	0	(5,000,000)	(5,000,000)
Education-TEEOSA state aid, to certified amount	0	(4,089,432)	(4,089,432)
DHHS-Higher FFY2017 federal Medicaid match rate (FMAP)	0	(4,674,690)	(4,674,690)
DHHS-Children's Health Insurance, excess appropriation	(4,500,000)	0	(4,500,000)
Education-TEEOSA, insurance premium tax adjustment	(4,111,963)	0	(4,111,963)
All Other (net)	890,463	2,304,179	3,194,642
<b>Total Change - General Fund New Appropriations</b>	<b>(6,626,282)</b>	<b>14,435,157</b>	<b>7,808,875</b>
Reduce reappropriation of prior year unexpended funds			(98,921,816)
Change in Total Appropriations			(91,112,941)

<b>Major General Fund Changes - Transfers-Out</b>	<b>FY2015-16</b>	<b>FY2016-17</b>	<b>2 Yr Total</b>
Transfer to Site and Building Development Fund	(4,000,000)	0	(4,000,000)
Transfer to Nebr Capital Construction Fund (DCS project)	(800,000)	0	(800,000)
Transfer to Cultural Preservation Endowment Fund	0	FY18	0
Transfer to Property Tax Credit Cash Fund (LB 958)	0	FY18	0
<b>Total Change in GF Transfers-Out</b>	<b>(4,800,000)</b>	<b>0</b>	<b>(4,800,000)</b>

## General Fund Revenue Forecasts

Revenue estimates for FY2015-16 and FY2016-17 are the February 2016 forecasts from the Nebraska Economic Forecast Advisory Board (NEFAB). These forecasts yield a projected adjusted revenue growth of 4.0% in FY15-16 and 4.0% in FY16-17, an average growth of 4.0%. This two year growth is slightly below the 5% historical average, the average growth for the three prior three years was 4.7%

For the following biennium or what's commonly referred to as the "out years", the preliminary estimates for FY2017-18 and FY2018-19 are prepared by the Legislative Fiscal Office (LFO) using the "capped" historical average methodology. This "smoothing" technique derives "out year" revenue estimates by calculating the level of revenues that would yield a five year average growth (FY14 to FY19) roughly equal to the 34 year historical average (5.00%) less .25% which is the projected impact of indexing the tax brackets as enacted in 2014 (LB987). Under this method, revenue growth for the two years would average 4.7%.

## **Cash Reserve Fund**

The Legislature followed the concepts that (1) at this time a significant balance should be retained in the Cash Reserve Fund in light of the cyclical nature of variances from forecast and the dollar level of those variances cumulative over several years, and (2) any use of the Cash Reserve Fund should be for one-time items to match the one-time nature of the financing source. The projected unobligated ending balance is estimated at \$634.2 million

The 2016 budget actions includes three transfers. The first is a \$27.3 million transfer to the Nebraska Capital Construction Fund (NCCF) to cover the three year cost of adding capacity to the Lincoln Community Corrections Center in Lincoln. (see page 62). The second transfer is a \$13.7 million transfer to the Military Installation Infrastructure fund related to the modification of two federal levee systems located in Sarpy County (see page 60). And the third is a \$50 million transfer to a newly created Transportation Infrastructure Fund.as provided for in LB 960. A more detailed explanation of this proposal can be found on page 61.

## **Transportation Innovation Act - LB 960**

LB 960 creates three new programs funded by a \$50 million transfer from the Cash Reserve Fund, and the transfer of LB 610 (2015) fuel tax revenue through June, 2033, to a newly created Transportation Infrastructure Bank Fund. The three new programs are the Accelerated State Highway Capital Improvement Program, County Bridge Match Program, and Economic Opportunity Program. A more detailed explanation can be found on page 61.

## **Sarpy County / Offutt AFB Levee Project**

The enacted budget includes the creation of the Critical Infrastructure Facilities Cash Fund financed with a \$13,700,000 transfer from the Cash Reserve Fund. The fund will be used to provide a grant to protect critical infrastructure facilities within an NRD which includes military installments, transportation routes and wastewater treatment facilities. In essence this would provide state funding assistance for modification of two federally constructed levee systems located in Sarpy County that impact on Offutt Air Force Base, potential funding of its runway resurfacing, and base realignment or closure considerations. A more detailed explanation can be found on page 60.

## **Department of Correctional Services Funding**

The Department of Correctional Services (DCS) submitted significant requests for additional funding for a variety of purposes including operating funds, continuation of the county jail program, and additional facilities at the Lincoln Community Corrections Center. These were funded along with an additional \$1.5 million one-time funds in FY2015-16 for staff retention efforts. (See page 51 for a description of the operations funding items and page 61 for construction related items)

## **Reductions and Shifts - DHHS Aid Programs**

For the various aid programs under the Dept. of Health and Human Services (DHHS), an evaluation was made of current year expenditure levels based on year to date expenditures through January and estimates for the remaining five months. Based on this evaluation,

reductions were made in several areas where excess appropriations are indicated and one instance where current funding is insufficient to cover estimated spending levels. This includes a \$98.9 million reduction in the amount of reappropriated prior year unexpended funds. (See page 50)

## **Property Tax Relief**

With a projected \$110 million shortfall going into the 2016 legislative session, funds available for property tax relief were minimal. However the legislature did enact legislation providing property tax relief of over \$40 million annually starting in FY2017-18, the beginning of the next biennium. Changes to the TEEOSA school aid formula increase state aid by \$22 million in FY2017-18 while changes to the Property Tax Credit program provided a \$20 million per year increase in the credit amount. Descriptions of these items can be found on page 43 for school aid and 64 for the Property Tax Credit program.

# **General Fund Financial Status**

# General Fund Financial Status

End of the 2016 Legislative Session

	Actual FY2014-15	Biennial Budget FY2015-16	FY2016-17	Following Biennium FY2017-18	FY2018-19
<b>1 BEGINNING BALANCE</b>					
2 Beginning Cash Balance	673,683,437	732,273,130	343,143,206	272,462,369	158,882,845
3 Cash Reserve transfers-automatic	(96,721,232)	(84,599,532)	(17,000,000)	0	0
4 Carryover obligations from FY15	0	(343,874,621)	0	0	0
5 Lapse FY14 and FY15 reappropriations	0	98,921,816	0	0	0
6 Allocation for potential deficits	0	0	(5,000,000)	(5,000,000)	(5,000,000)
7 Unobligated Beginning Balance	576,962,205	402,720,793	321,143,206	267,462,369	153,882,845
<b>8 REVENUES</b>					
9 Net Receipts (Feb 2016 NEFAB+hist avg)	4,306,364,121	4,420,000,000	4,575,000,000	4,747,502,000	4,948,411,000
10 General Fund transfers-out	(188,350,000)	(217,600,000)	(217,100,000)	(216,300,000)	(216,300,000)
11 General Fund transfers-in in forecast		0	0	0	0
12 Cash Reserve transfers (current law)	67,701,112	0	0	0	0
13 2016 Cash Reserve transfers	0	0	0	0	0
14 2016 General Fund transfers-out	0	(4,800,000)	0	(500,000)	(500,000)
15 2016 General Fund transfers-in	0	8,000,000	8,000,000	0	0
16 2016 Revenue Bills	0	0	(2,890,000)	(29,205,000)	(35,872,000)
17 General Fund Net Revenues	4,185,715,233	4,205,600,000	4,363,010,000	4,501,497,000	4,695,739,000
<b>18 APPROPRIATIONS</b>					
19 Appropriations (2015 Session)	4,030,404,308	4,271,803,869	4,397,255,680	4,397,255,680	4,397,255,680
20 Projected budget increase, following biennium	--	--	--	193,205,869	387,704,092
21 2016 Mainline Midbiennium Adjustments	--	(7,661,579)	11,919,051	(5,390,826)	(5,163,204)
22 2016 State Claims (LB981)	0	1,035,297	0	0	0
23 2016 "A" Bills	0	0	2,516,106	25,005,801	28,460,985
24 General Fund Appropriations	4,030,404,308	4,265,177,587	4,411,690,837	4,610,076,524	4,808,257,553
<b>25 ENDING BALANCE</b>					
26 Dollar ending balance (per Financial Status)	732,273,130	343,143,206	272,462,369	158,882,845	41,364,292
27 Dollar ending balance (at Minimum Reserve)			267,940,299		275,816,457
28 Excess (shortfall) from Minimum Reserve			<b>4,522,070</b>		<b>(234,452,165)</b>
29 Biennial Reserve (%)			3.1%		0.4%
<u>General Fund Appropriations</u>					
30 Annual % Change - Appropriations (w/o deficits)	7.0%	4.0%	3.3%	4.5%	4.3%
31 Two Year Average	6.3%	--	3.7%	--	4.4%
<u>General Fund Revenues</u>					
32 Est. Revenue Growth (rate/base adjusted)	6.2%	4.0%	4.0%	4.7%	4.7%
33 Two Year Average	5.3%	--	4.0%	--	4.7%

<b>CASH RESERVE FUND</b>	FY2014-15	FY2015-16	FY2016-17	FY2017-18	FY2018-19
Beginning Balance	719,065,306	727,835,426	687,639,649	654,639,649	654,639,649
Excess of certified forecasts (line 3 in Status)	96,721,232	84,599,532	17,000,000	0	0
To/from Gen Fund per current law	(67,701,112)	0	0	0	0
To Nebr Capital Construction Fund (NCCF)	(14,500,000)	(75,819,751)	0	0	(20,436,714)
To Republican River Compact Litigation Contingen	(5,500,000)	0	0	0	0
To Oral Health Training and Services Fund	0	(8,000,000)	0	0	0
<b>2016 - To NCCF</b>	0	<b>(27,275,558)</b>	<b>0</b>	0	0
<b>2016 - To Military Installation Infrastructure</b>	0	<b>(13,700,000)</b>	<b>0</b>	0	0
<b>2016 - To Transportation Infrastructure Fund</b>		<b>0</b>	<b>(50,000,000)</b>	0	0
Projected Unobligated Ending Balance	727,835,426	687,639,649	654,639,649	654,639,649	634,202,935

# Chronology of the General Fund Financial Status

## Sine Die 2015 Legislative Session

At the end of the 2015 legislative session, the originally enacted FY16/FY17 biennial budget yielded an unobligated ending balance that was \$2.3 million above the minimum 3% reserve.

At the start of the 2015 legislative session a projected financial status showed a budget that was \$50 million below the required minimum reserve.

This \$52 million swing was accomplished through a combination of transfers from several cash funds and the Cash Reserve Fund (\$105 million), an appropriations level \$103 million lower than estimated at the November TRR meeting and based reductions in Medicaid and Public Assistance (\$62.0) and then offset by an increase in transfers to the Property Tax Credit fund (\$128 million, \$64 million per year) and \$37.6 million of A Bills including \$19.6 million for LB 259 the Personal Property Tax Relief Act.

Impact on Variance from Min Reserve (Millions of Dollars)	2015 Legislative Session			
	FY15	FY16	FY17	Total
Revenue Forecasts (revised Feb 2015)	1.0	(5.0)	(5.0)	(9.0)
Revenue Forecasts (revised April 2015)	12.0	17.0	(7.0)	22.0
Transfer to Cash Reserve Fund - "Above certified" FY15 forecast	0.0	(13.0)	0.0	(13.0)
Transfer from Cash Reserve Fund (IV-E disallowance)	17.2	0.0	0.0	17.2
2015 revenue bills enacted	0.0	(4.3)	(5.4)	(9.7)
General Fund Transfers-Out - Property Tax Credit	0.0	(64.0)	(64.0)	(128.0)
General Fund Transfers-in	0.0	47.6	40.9	88.5
Lapse FY14 / FY15 reappropriations	4.9	0.0	0.0	4.9
Change in Minimum Reserve	0.0	0.0	(0.4)	(0.4)
<b>Subtotal - Revenue</b>	<b>35.1</b>	<b>(21.6)</b>	<b>(41.0)</b>	<b>(27.5)</b>
DHHS - Medicaid base reduction	0.0	22.0	22.0	44.0
Deficits & Claims vs pre-session estimate	38.9	0.0	0.0	38.9
DHHS - Medicaid pre-session estimate	0.0	15.7	19.2	34.9
DHHS - Public Assistance base reduction	0.0	9.0	9.0	18.0
Revenue - Homestead Exemption vs pre-session estimate	0.0	7.7	8.0	15.7
DHHS - Behavioral Health aid vs pre-session estimate	0.0	8.4	5.2	13.6
Crime Commission - Community based juvenile justice aid	0.0	0.0	3.0	3.0
A Bills enacted	0.0	(7.6)	(30.0)	(37.6)
TEEOSA school aid vs pre-session estimate	0.0	(11.4)	(4.2)	(15.6)
University - Various Specific Items	0.0	(4.8)	(7.2)	(12.0)
Courts - Juvenile Services	0.0	(7.0)	0.0	(7.0)
Education - Replace lottery funds, ed aid programs	0.0	0.0	(5.3)	(5.3)
DHHS - Provider rates, due to FMAP and .25 increase	0.0	(1.9)	(4.2)	(6.0)
Nat Resource - Resources Development Fund	0.0	0.0	(2.6)	(2.6)
Corrections - County Jail Funding	0.0	(5.0)	0.0	(5.0)
All other items (net)	0.0	(3.9)	6.7	2.8
<b>Subtotal - Appropriations</b>	<b>38.9</b>	<b>21.3</b>	<b>19.7</b>	<b>79.9</b>
<b>Total Change</b>				<b>52.4</b>

## 2015 Interim

During the 2015 interim the General Fund financial status for the FY15/FY17 declined from \$2.3 million above to \$110.2 million below the minimum reserve.

At the July 2015 meeting of the Tax Rate Review Committee the status improved slightly. Receipts for FY2014-15 were \$10.1 million above the forecast used at the end of the 2015 Legislative Session. As noted in other places, FY15 revenues in excess of the July 2014 certified forecast are to be transferred to the Cash Reserve Fund. The amount of the minimum reserve increases by \$11.4 million due to a technical change in the calculation of the reserve attributed to assuming 100% expenditure of funds in FY15 at Sine Die versus less than 100% expenditure with FY15 data but offsetting carryover of unexpended appropriations at the start of the next year. The largest improvement in the status came from an estimate of lapsed FY15 appropriations. The certification of encumbrances is not completed until the end of August so at this point an estimated \$25 million of lapsed unexpended appropriations was used based on an evaluation of individual aid programs.

<u>Impact on Variance from Min Reserve (Millions of Dollars)</u>	FY2014-15 Actual Data			
	FY15	FY16	FY17	Total
FY15 Actual vs Est General Fund Net Receipts	10.1	0.0	0.0	10.1
FY15 Actual vs Est CRF transfers-automatic	0.0	(10.1)	0.0	(10.1)
FY15 Actual vs Est Accounting adjustment	1.3	0.0	0.0	1.3
Lapse of FY15 unexpended appropriations, rough estimate	0.0	25.0	0.0	25.0
Change in Minimum Reserve	0.0	0.0	(11.4)	(11.4)
Total Change - FY2014-15 Actual Data	11.4	14.9	(11.4)	14.9

The status declined significantly in October 2015 when the FY15-16 and FY16-17 forecasts were revised by the Nebraska Economic Forecast Advisory Board (NEFAB). At that meeting, revenue forecasts were reduced by a total of \$154.3 million; \$70.9 million in FY15-16 and \$83.4 million in FY14-15.

<u>Impact on Variance from Min Reserve (Millions of Dollars)</u>	October 2015 Revenue Forecasts			
	FY15	FY16	FY17	Total
Revenue Forecasts (revised / original Oct 2015)	0.0	(70.9)	(83.4)	(154.3)
"Above certified" FY16 forecast to CRF	0.0	0.0	0.0	0.0
Change in Minimum Reserve	0.0	0.0	4.5	4.5
Total Change - Oct 2015 Forecast Revisions	0.0	(70.9)	(78.9)	(149.8)

In November 2015, the Tax Rate Review Committee met as required by law and an updated financial status was presented. Changes included a \$20.3 million increase in the amount of lapses of unexpended reappropriations. The \$5 million allocation for deficits was removed and agency requests for midbiennium budget adjustments were substituted. These requests totaled \$22.2 million over the two year period of which \$17.5 million was for the Dept. of Correctional Services. At a statutory required November meeting, estimated amounts needed for TEEOSA school aid for the upcoming fiscal year were reduced by \$19.3 million relative the Sine Die 2015 estimated level which was included in the FY16-17 appropriations.

Impact on Variance from Min Reserve (Millions of Dollars)	Nov 2015 Tax Rate Review Committee			
	FY15	FY16	FY17	Total
Lapse of FY15 unexpended above July TRR est	0.0	20.3	0.0	20.3
Exclude allocation for deficits	0.0	5.0	0.0	5.0
Request - Continue inmate county jail program (DCS)	0.0	(0.5)	(4.6)	(5.1)
Request - Operations costs and equipment (DCS)	0.0	(1.8)	(2.9)	(4.7)
Request - Inmate health services (DCS)	0.0	(2.1)	(2.5)	(4.6)
Request - Inmate non-medical per diem costs (DCS)	0.0	(1.9)	(2.3)	(4.2)
Request - Tecumseh, repair and restoration (DCS)	0.0	(1.2)	(2.0)	(3.2)
Request - DHHS-Managed care enrollment broker	0.0	0.0	(3.4)	(3.4)
Request - NeSA-English language arts, text analysis (NDE)	0.0	0.0	(2.4)	(2.4)
Request - Utility costs (DCS)	0.0	(1.2)	(1.2)	(2.4)
Request - Court ordered wait list, Lincoln Reg Cntr (DHHS)	0.0	(0.5)	(1.1)	(1.6)
Request - State Ward Permanency Pilot Project Cost (DHHS)	0.0	(1.4)	0.0	(1.4)
Request - Ongoing water litigation costs (Attorney Gen)	0.0	(0.5)	(0.7)	(1.2)
Request - Vacancy savings (DCS)	0.0	4.4	2.2	6.6
Request - Higher FFY2017 FMAP (DHHS)	0.0	0.0	4.7	4.7
Request - TEEOSA, insurance premium tax adjustment (NDE)	0.0	4.1	0.0	4.1
Request - All Other original midbiennium requests (net)	0.0	(0.7)	(2.6)	(3.3)
TEEOSA School Aid revisions (Oct 2015 joint meeting)	0.0	0.0	19.3	19.3
Change in Minimum Reserve	0.0	0.0	0.0	0.0
Total Change - Nov 2015 TRR Committee	0.0	22.1	0.3	22.4

## 2016 Legislative Session

During the 2016 legislative session, the financial status improved from \$110.2 million below the minimum reserve to \$4.5 million above.

The projected shortfall was eliminated with a \$98.9 million lapse of excess reappropriated amounts in DHHS aid programs (mostly Medicaid) and an additional \$16 million of transfers from cash funds to the General Fund.

Additional funding was required to fund TEEOSA aid at the certified level which was \$15.2 million higher than the estimate at the November 2015 Tax Rate Review Committee meeting. This amount plus a \$15 million shortfall in child welfare programs was covered by a \$35 million base reduction in Medicaid and Public Assistance programs.

New legislation enacted in the 2016 session totaled only \$5.4 million of revenue or spending impacts in this biennial budget. The bulk of the fiscal impact starts in the following biennium.

Impact on Variance from Min Reserve (Millions of Dollars)	2016 Legislative Session			
	FY15	FY16	FY17	Total
<u>Revenue Items</u>				
Lapse FY14 and FY15 reappropriations	0.0	98.9	0.0	98.9
Revenue Forecasts (revised Feb 2016)	0.0	17.0	13.0	30.0
General Fund Transfers-in	0.0	8.0	8.0	16.0
"Above certified" FY16 forecast to CRF	0.0	0.0	(17.0)	(17.0)
Gen Fund Transfers-Out - Site and Building Development Fund	0.0	(4.0)	0.0	(4.0)
Gen Fund Transfers-Out - NCCF and Cultural Trust	0.0	(0.8)	0.0	(0.8)
2016 Revenue bills enacted (includes transfers)	0.0	0.0	(2.9)	(2.9)
Change in FY15 carryover obligations	0.0	0.0	0.0	0.0
Change in Minimum Reserve	0.0	0.0	(0.6)	(0.6)

Continue next page

(Table continued)	FY15	FY16	FY17	Total
<u>Spending Items</u>				
DHHS - Medicaid & Public Assistance base reductions	0.0	20.0	15.0	35.0
DHHS - SCHIP one-time reduction	0.0	4.5	0.0	4.5
NDE - Did not fund new items requested	0.0	0.2	3.3	3.5
DCS - Tecumseh repair and restoration, shift to NCCF	0.0	1.2	2.0	3.2
NDE - TEEOSA aid vs Nov 15 TRR	0.0	0.0	(15.2)	(15.2)
DHHS - Child Welfare shortfall	0.0	0.0	(15.0)	(15.0)
DHHS - DD aid, rate methodology waiver reimbursement	0.0	(11.3)	0.0	(11.3)
NDR - Homestead Exemption	0.0	(0.6)	(1.2)	(1.8)
DCS - Staff retention	0.0	(1.5)	0.0	(1.5)
DHHS-Federally qualified health centers	0.0	(1.0)	0.0	(1.0)
Community Colleges - Additional aid	0.0	(1.0)	0.0	(1.0)
Retirement Brd - Defined benefit retirement plans	0.0	0.0	(0.9)	(0.9)
All Other Items	0.0	0.4	(0.2)	0.1
State Claims	0.0	(1.0)	0.0	(1.0)
A Bills enacted	0.0	0.0	(2.5)	(2.5)
Total Change - 2016 Legislative Session	0.0	129.0	(14.2)	114.7

## Table 1 Chronology of the Financial Status

(Shows impact of individual Items and then the subsequent variance from the minimum reserve)

Millions of Dollars	Current Biennium			Following Biennium		
	FY16	FY17	3 Yr Total	FY18	FY19	5 Yr Total
<b>Sine Die 2015 Session</b>			<b>2.3</b>			<b>(95.0)</b>
FY15 Actual vs Est General Fund Net Receipts	0.0	0.0	10.1	0.0	0.0	10.1
FY15 Actual vs Est CRF transfers-automatic	(10.1)	0.0	(10.1)	0.0	0.0	(10.1)
FY15 Actual vs Est Accounting adjustment	0.0	0.0	1.3	0.0	0.0	1.3
Assumed lapse, FY15 unexpended appropriations	25.0	0.0	25.0	0.0	0.0	25.0
Change in Minimum Reserve	0.0	(11.4)	(11.4)	0.0	10.6	(0.8)
<b>July 2015 Tax Rate Review Committee</b>			<b>17.2</b>			<b>(69.5)</b>
Revenue Forecasts (revised / original Oct 2015)	(70.9)	(83.4)	(154.3)	(48.0)	0.0	(202.3)
Lapse of FY15 unexpended above July TRR est	20.3	0.0	20.3	0.0	0.0	20.3
Exclude allocation for deficits	5.0	0.0	5.0	0.0	0.0	5.0
2016 Midbiennium Budget Requests (original)	(3.2)	(19.0)	(22.2)	(12.3)	(12.3)	(46.9)
TEEOSA School Aid revisions (Oct 2015 joint meeting)	0.0	19.3	19.3	39.6	44.2	103.1
Change in Minimum Reserve	0.0	4.5	4.5	0.0	0.7	5.2
<b>Nov 2015 Tax Rate Review Committee</b>			<b>(110.2)</b>			<b>(185.1)</b>
Change in FY15 carryover obligations	0.0	0.0	0.0	0.0	0.0	0.0
Committee Prelim vs Nov TRR (agency request)	(1.6)	15.5	13.9	8.9	8.9	31.7
Committee Prelim vs Nov TRR (TEEOSA)	0.0	(15.2)	(15.2)	(19.8)	(24.7)	(59.7)
Allocation for Post Hearing Adjustments	(3.0)	(12.0)	(15.0)	(12.0)	(12.0)	(39.0)
GF Transfers-in	8.0	8.0	16.0	0.0	0.0	16.0
Lapse FY14 and FY15 reappropriations	98.9	0.0	98.9	0.0	0.0	98.9
Est. State Claims	(0.4)	0.0	(0.4)	0.0	0.0	(0.4)
Cash Reserve Fund transfer (TEEOSA above Governor)	0.0	14.2	14.2	0.0	0.0	14.2
Change in Minimum Reserve	0.0	(0.9)	(0.9)	0.0	(2.4)	(3.3)
<b>Committee Preliminary Budget</b>	<b>0.0</b>	<b>0.0</b>	<b>1.4</b>	<b>0.0</b>	<b>0.0</b>	<b>(126.6)</b>
Revenue Forecasts (revised Feb 2016)	17.0	13.0	30.0	5.0	0.0	35.0
"Above certified" FY16 forecast to CRF	0.0	(17.0)	(17.0)	0.0	0.0	(17.0)
Change in Minimum Reserve	0.0	(0.4)	(0.4)	0.0	(0.1)	(0.5)
<b>After Feb 2016 NEFAB forecasts</b>			<b>14.1</b>			<b>(109.1)</b>
Remove Allocation for Post Hearing Adjustments	3.0	12.0	15.0	12.0	12.0	39.0
Correctional Services items	(4.4)	(12.0)	(16.4)	(7.3)	(7.3)	(31.1)
Medicaid & Public Assistance base reductions	20.0	15.0	35.0	15.0	15.0	65.0
Child Welfare shortfall	0.0	(15.0)	(15.0)	(15.0)	(15.0)	(45.0)
Funds for federally qualified health centers	0.0	(1.0)	(1.0)	0.0	0.0	(1.0)
Additional aid to community colleges (one-time)	0.0	(1.0)	(1.0)	0.0	0.0	(1.0)
All other appropriation changes	(0.7)	(1.1)	(1.7)	(0.6)	(0.6)	(2.9)
Higher State Claims	0.5	0.0	0.5	0.0	0.0	0.5
GF Transfer-Out - Site & Building Development Fund	(4.0)	0.0	(4.0)	0.0	0.0	(4.0)
GF Transfer-Out - NCCF and Cultural Trust	(0.8)	0.0	(0.8)	(0.5)	(0.5)	(1.8)
Cancel preliminary Cash Reserve Fund transfer	0.0	(14.2)	(14.2)	0.0	0.0	(14.2)
Change in Minimum Reserve	0.0	(0.3)	(0.3)	0.0	(0.4)	(0.7)
<b>Committee Budget to the Floor</b>			<b>10.1</b>			<b>(106.4)</b>
Higher claims	(0.2)	0.0	(0.2)	0.0	0.0	(0.2)
Select File amendments	(2.5)	2.5	0.0	0.0	0.0	0.0
Revenue bills enacted (includes transfers)	0.0	(2.9)	(2.9)	(29.2)	(35.9)	(68.0)
A Bills enacted	0.0	(2.5)	(2.5)	(25.0)	(28.5)	(56.0)
Update out year estimates	0.0	0.0	0.0	(3.0)	(3.0)	0.0
Change in Minimum Reserve	0.0	0.1	0.1	0.0	2.0	2.1
<b>Sine Die 2016 Session (April 20, 2016)</b>			<b>4.5</b>			<b>(234.5)</b>

# Assumptions - Following Biennium

## Revenues

The NEFAB does not make official forecasts for the following biennium or what's commonly referred to as the "out years". Although different methodologies could be utilized, the revenue estimates used for the following biennium (FY17-18 and FY18-19) in the current financial status are prepared by the Legislative Fiscal Office (LFO) using the "capped" historical average methodology. This "smoothing" technique derives a revenue growth for the "out years" by calculating the level of revenues that would yield a five year average growth (FY14 to FY19) roughly equal to the historical average from FY81 to FY15 (5.0%). Inherent in this methodology is the concept that within any five-year period, below average revenue growth in some years will be offset by above average growth in others and is visually seen in the line graph of historical adjusted revenue growth. Under this method, growth for the two years would average 4.7%.

## Spending

For the "following biennium" (FY17-18 and FY18-19), the mainline budget numbers reflect the annualized impact of the current budget actions plus an estimate of future year increases in entitlement programs, salary and health insurance increases, and other funding requirements that are normally not optional. While the actual funding needs in these areas will not be known until the biennial budget process starts again next session, some level of funding for these items must be acknowledged as likely funding commitments for planning purposes.

<i>Dollar Changes from FY17 Base Year</i>	Annual % Change			Projected Increases	
	FY18	FY19	2 Yr Avg	FY2017-18	FY2018-19
<b>FY2016-17 Base Appropriation</b>				<b>4,411,690,837</b>	<b>4,411,690,837</b>
Aid to K-12 Schools (TEEOSA GF only)	5.5%	5.7%	5.6%	51,984,195	109,013,364
Special Education	2.5%	2.5%	2.5%	5,551,578	11,241,945
Community Colleges	3.5%	3.5%	3.5%	3,528,991	7,181,496
Homestead Exemption	3.1%	3.0%	3.0%	2,213,550	4,455,407
Aid to ESU's	2.5%	2.5%	2.5%	351,294	711,370
Medicaid	5.5%	5.5%	5.5%	46,764,264	96,100,562
Public Assistance	6.0%	6.0%	6.0%	6,485,644	13,360,427
Children's Health Insurance (SCHIP)	9.8%	9.4%	9.6%	629,222	1,293,051
Child Welfare Aid	6.0%	6.0%	6.0%	8,728,956	17,175,085
Developmental Disability aid	4.0%	4.0%	4.0%	6,026,719	12,294,507
Behavioral Health aid	2.5%	2.5%	2.5%	1,846,119	3,738,391
Employee Salaries	2.5%	2.5%	2.5%	26,259,026	53,174,527
Employee Health Insurance	10.0%	10.0%	10.0%	16,432,488	34,508,225
Operations increase	2.0%	2.0%	2.0%	5,790,778	11,697,373
Justice Reinvestment Act (LB605-2015)	--	--	--	4,536,736	7,850,305
Inmate per diem costs	3.0%	3.0%	3.0%	1,935,038	3,928,127
Juvenile Services reform	5.4%	5.0%	5.2%	703,176	1,427,447
Construction	--	--	reaffirm only	9,529,333	8,727,526
All Other			na	(911,420)	(1,312,418)
<b>Total General Fund Increases (Biennial Basis)</b>	<b>4.4%</b>	<b>4.2%</b>	<b>4.3%</b>	<b>198,385,687</b>	<b>396,566,717</b>
<b>Projected Appropriation per Financial Status</b>				<b>4,610,076,524</b>	<b>4,808,257,554</b>

## Aid to Local Governments

**TEEOSA State Aid to Schools (*Sine Die 2016 estimate*)** - The numbers shown here for FY18 and FY19 are Legislative Fiscal Office estimates used at Sine Die 2016. They are derived based on the same methodology utilized for the fall meeting required under current law for the proposed biennial budget. They are based on the TEEOSA aid formula as amended in the 2016 legislative session. The estimates reflect a growth in overall school aid of 5.5% in FY18 and 5.7% in FY19

**Special Education** - Increases for FY18 and FY19 reflect a 2.5% per year increase. Although statute allows for a growth up to 10% the 2.5% is equal to the basic allowable growth rate under the K-12 school spending limitation and TEEOSA calculations.

**Aid to Community Colleges** - A 3.5% per year annual increase is included for the following biennium budget reflecting increased state aid to support operations budget increases. This increase amounts to about a \$3.5 million per year increase.

**Homestead Exemption** - A 3% per year annual increase is included for the following biennium budget reflecting some level of inflationary increases.

**Aid to ESU's** - The amount of aid to ESU's is based on funding of a certain level of core services and technology infrastructure. Growth in aid is set at the same rate as the basic allowable growth rate under the K-12 school spending limitation (2.5% per year).

## Aid to Individuals

**Medicaid** - For the following biennium, the average growth is 5.5% per year. This reflects projected growth of 3.0% per year for population client eligibility and utilization and 2.5% per year for provider rates. This estimate also assumes no change from the FFY17 FMAP of 51.85%.

**Public Assistance and Child Welfare** - A basic growth rate of 6.0% per year is utilized for the various Public Assistance programs for the following biennium. This reflects projected growth of 3% per year for population client eligibility and utilization and 2.5% per year for provider rates, and 6% for child care rates.

**Children's Health Insurance (CHIP)** - For the following biennium, a 9% per year increase is used. The large increase reflects a base growth of 5.5% (the same as Medicaid) plus additional General Funds to pick up the 5.5% percent increase in the fixed \$5 million amount allocated from the Health Care Cash Fund. The large percent growth but relatively modest dollar amount is due to the fact that the General Fund base is very low due to the expanded federal match rate (23%) from the Affordable Care Act (ACA). This ACA enhanced match rate expires Sept 2019 (end of FFY2019) but won't have an effect until FY2019-20.

**Developmental Disability Aid** - A 4% per year increase is included. This provides the equivalent of 2.5% per year for rate equity similar to the employee salary assumption and 1.5% for clients transitioning from K-12 programs. As this projected budget assumes no expanded programs, nothing is assumed for funding of the waiting list.

**Behavioral Health Aid** - This area includes substance abuse and mental health aid. The increases in the following biennium reflect a 2.5% increase to reflect some annual increase in provider rates.

## Agency Operations / Construction

**Employee Salary Increases** - Although salary increases will be the result of bargaining, some level of increase is factored in more for illustration than planning purposes. A 2.5% per year increase is included which approximates inflation and the current biennium funding.

**Employee Health Insurance** - For planning purposes, a 10% per year increase in health insurance is included for the following biennium. Because rates have been flat for the past several years due to coverage and program changes and drawing down fund balances, this higher growth is utilized to anticipate a potential hike in rates.

**Operations Inflation** - Included in the projected status is a general 2% increase in agency non-personnel operating costs. Although not provided as an across the board increase, this amount historically covers increases in utility costs at state and higher education facilities as well as food and other inflationary cost increases at 24/7 state facilities such as veterans homes, BSDC, and correctional facilities

**Inmate Per Diem Costs** - While some costs at the Dept. of Correctional Services such as staffing are “fixed” within a range of inmate population, some costs change directly with each inmate. This includes items such as food, clothing, and medical care. A 3% per year increase is included to reflect both inflationary costs and an increase in the number of inmates.

**Justice Reinvestment Act (LB605-2015)** - In the 2015 session, the Legislature enacted LB 605 to begin addressing overcrowding in the correctional system. LB 605 expands the use of probation in lieu of incarceration, ensures that more people receive supervision upon release from prison, and bolsters parole supervision practices to reduce recidivism. Costs are projected to increase over the following two years as more offenders are applicable to the bill provisions.

Estimated GF Costs - LB 605	FY2015-16	FY2016-17	FY2017-18	FY2018-19
Probation (Field)	475,592	2,959,038	4,544,636	5,501,962
Probation (Reporting Centers)	769,373	1,785,628	2,521,759	2,997,807
Probation (Administration)	427,435	1,053,813	1,531,990	1,735,210
Probation (Offender Program Expenses)	664,500	3,721,740	5,162,351	6,411,390
Court Administration	308,328	422,651	718,870	1,146,806
Subtotal - Courts	2,645,228	9,942,870	14,479,606	17,793,175
Corrections (net)*	(882,182)	(5,603,284)	(5,603,284)	(5,603,284)
Crime Commission	0	600,109	600,109	600,109
Total General Funds	1,763,046	4,939,695	9,476,431	12,790,000

**Capital Construction** - General Fund dollars included in the projected budget for the following biennium for capital construction reflect reaffirmations only based on the enacted FY16/FY17 biennial budget. These are dollar amounts needed to complete funding of previously approved projects. The \$9 million increase reflects new funding for the State Capitol HVAC system replacement. This project was funded with a large appropriation in FY14-15 which was carried forward to cover costs for the current biennium.

# Cash Reserve Fund

The Cash Reserve Fund (CRF) is not included as part of the "General Fund Reserve" (which is the ending General Fund balance for a biennium) and was created in statute as a separate and distinct fund to cover cash flow needs within a month or several month period. The Cash Reserve Fund also serves as a "rainy day fund" in that revenues in excess of a "certified forecast" are transferred from the General Fund to the Cash Reserve fund at the end of a fiscal year. As the certified forecast is generally the revenue estimate at Sine Die when the budget is finalized, these transfers sequester revenues in excess of that which is needed to balance the budget.

The Cash Reserve Fund unobligated balance is projected at \$634 million based on current forecasts and actions taken in the 2016 and prior legislative sessions.

Table 2 Cash Reserve Fund

	Actual FY2014-15	Estimated FY2015-16	Estimated FY2016-17	Estimated FY2017-18	Estimated FY2018-19
Beginning Balance	719,065,306	727,835,426	687,639,649	654,639,649	654,639,649
Excess of certified forecasts	96,721,233	84,599,532	17,000,000	0	0
To General Fund per current law	(67,701,112)	0	0	0	0
To Nebr Capital Construction Fund (NCCF)	(14,500,000)	(75,819,751)	0	0	(20,436,714)
To Republican River Litigation Fund	(5,500,000)	0	0	0	0
To Oral Health Services & Training	0	0	0	0	0
2016 - To General Fund	0	0	0	0	0
2016 - To NCCF	0	(27,275,558)	0	0	0
2016 - To Military Installation Infrastructure	0	(13,700,000)	0	0	0
2016 - To Transportation Infrastructure Bank	0	0	(50,000,000)	0	0
Ending Balance	727,835,426	687,639,649	654,639,649	654,639,649	634,202,935

When created, the initial purpose of Cash Reserve Fund (CRF) was to set aside money as a "safety net" for the General Fund, sustaining the ability of the General Fund to pay bills when balances would otherwise be insufficient for day to day cash flow. In addition to cash flow another major purpose of the CRF was added later; protection against forecast errors and periods of low year over year revenue growth. Monies are accumulated in the CRF when receipts exceed certified forecast levels and are then available to offset instances when receipts are below forecasts.

The level of "protection" or in other words the level of funds to retain in the Cash Reserve fund, can be derived by looking at historical variances derived by comparing forecasts at Sine Die of the legislative session when the budget was enacted and actual receipts which are known anywhere from 13 to 15 months later (see Appendix E). Over the 28 year period the average negative variance is -4.4% clustered in groups of 3 to 4 years.

For simplicity, using a 4% negative variance clustered for four consecutive years would require a balance equal to about 16% of annual net receipts. Applied to the average forecast from FY16 to FY19 the target balance would be \$746 million.

Another factor to keep in mind is the need for supplemental funds during a budget down period. One recent illustration is the latest budget shortfall which occurred during the 2008 through -2011 legislative sessions. During that time a total of \$986 million of one-time funds were utilized to balance the budget in addition to the various budget cuts that were made. The largest amount of these one-time funds, \$653.8 million, came from the federal government through several ARRA programs (FMAP, General and Education stabilization) followed by Cash Reserve Fund transfers (\$259 million) and extraordinary cash fund lapses (\$73.2 million). While this was a time of unprecedented revenue declines, it illustrates the cumulative impact of multiple year shortfalls.

## 2016 Session Transfers

The Legislature utilized \$90.9 million from the Cash Reserve Fund in the 2016 session, all for one-time items.

The first is a \$27.3 million transfer to the Nebraska Capital Construction Fund (NCCF) to cover the three year cost of adding capacity to the Lincoln Community Corrections Center in Lincoln. (See page 62)

The second transfer is a \$13.7 million transfer to the Military Installation Infrastructure fund. Monies in this fund are intended to provide state funding assistance to complete a project related to the modification of two federal levee systems located in Sarpy County providing protection of Offutt Air Force base and surrounding areas. This is critical because the base is currently seeking \$125,000,000 from the Department of Defense to resurface the Offutt runway. (See page 60)

And the third is a \$50 million transfer to a newly created Transportation Infrastructure Bank Fund.as provided for in LB 960. A more detailed explanation of this can be found on page 61.

<u>Item</u>	<u>\$ Amount</u>
To the NCCF - Additional bed capacity, Lincoln Community Corrections	27,275,558
To the Military Installation Infrastructure fund - Sarpy Co./Offutt AFB levy	13,700,000
To the Transportation Infrastructure Bank Fund (LB 960)	50,000,000
Total Transfers from the Cash Reserve Fund	90,975,558

## Excess of Certified Forecasts

Shown on line 3 of the Financial Status, revenues in excess of "certified" forecasts are required by statute to be transferred from the General Fund to the Cash Reserve Fund. These would take place in July of the fiscal year following completion of that year. The \$96,721,233 million in FY2014-15 reflects the amount that the FY2013-14 actual receipts the certified level. The \$84,599,532 transfer in FY2015-16 reflects the amount the FY2014-15 actual receipts were above certified.

The \$17,000,000 transfer shown in FY2016-17 is not yet an actual number. It reflects the difference between the current FY2015-16 forecast, \$4,420,000,000 and the certified forecast of \$4,403,000,000

## Transfers-To & From General Fund

Unlike the automatic transfers that occur after the close of the fiscal year and are statutorily required, other transfers can take place as specifically enacted by the Legislature.

In 2014, the Legislature enacted a \$50.5 million transfer to the General Fund in LB130 to cover a series of one-time items as shown below.

<u>Related Item</u>	<u>\$ Amount</u>	<u>Transfer</u>
DCS- temporary housing, county jails	4,950,229	
Natural Resources-Resources Development Fund	10,492,793	
Water Sustainability Fund-(one-time portion)	10,000,000	
Game & Parks Improvement and Maintenance Fund	15,000,000	
Job Training Cash Fund	10,000,000	
<i>Total: 2014 Transfer to General Fund</i>	50,443,022	50,500,000

In the 2015 Session, \$17,701,112 was transferred to the General Fund to cover payment of IV-E disallowance penalties imposed on the Dept. of Health and Human Services,

## Transfers To & From Other Funds

In the 2013 session, LB 200 provided for a \$43,015,459 transfer from the Cash Reserve Fund to the Nebraska Capital Construction Fund (NCCF) sometime between July 1, 2013 and June 30, 2017 at the discretion of the Budget Administrator for construction of a new Central Nebraska Veterans Home to replace the existing facilities. Originally this transfer was shown in FY13-14, however it has been shifted to FY15-16 since the actual transfer has not yet been made.

In the 2014 session, LB 130 provided for a \$14.5 million transfer from the Cash Reserve Fund to the NCCF to cover the cost of the first three years of the State Capitol HVAC systems replacement project (\$11.7 million) and installation of four courtyard fountains in the State Capitol (\$2.5 million).

In the 2015 session, the enacted budget contained a total of \$83.9 million of Cash Reserve Fund monies. This includes: (1) \$5.5 million transfer to the Republican River Compact Litigation Contingency Cash Fund to pay a court ordered settlement related to the Kansas v. Nebraska Republican River Compact, (2) \$8 million to a new cash fund in the Coordinating Commission to contract for reduced-fee and charitable oral health services, oral health workforce development, and oral health services using telehealth, (3) \$25 million transfer to the Nebraska Capital Construction Fund for construction of the Global Center for Advanced Interprofessional Learning, and (4) \$28.2 million to the NCCF for the State Capitol HVAC project. This includes \$7,804,292 in FY2015-16, \$7,160,412 in FY2018-19, \$9,492,568 in FY2020-21, and \$3,783,734 in FY2022-23

<u>Transfers to NCCF, Related Project</u>	<u>FY2014-15</u>	<u>FY2015-16</u>	<u>FY2016-17</u>	<u>FY2017-18</u>	<u>Future Yrs</u>
Central Nebraska Veterans Home	0	43,015,459	0	0	0
State Capitol HVAC systems	12,000,000	7,804,292	0	0	20,436,714
State Capitol Fountains	2,500,000	0	0	0	0
Global Center Advanced Learning	0	25,000,000	0	0	0
Transfers to NCCF	<u>14,500,000</u>	<u>75,819,751</u>	<u>0</u>	<u>0</u>	<u>20,436,714</u>

Table 3 Cash Reserve Fund - Historical Balances

Fiscal Yr	Beginning Balance	Direct Deposit and Interest	Automatic Transfers	Legislative Transfers	Cash Flow	Ending Balance	Balance as % of revenue
FY1983-84	0	37,046,760	na	0	0	37,046,760	4.7%
FY1984-85	37,046,760	(1,472,551)	na	0	0	35,574,209	4.5%
FY1985-86	35,574,209	227,855	na	(13,500,000)	0	22,302,064	2.7%
FY1986-87	22,302,064	1,428,021	na	0	0	23,730,085	2.7%
FY1987-88	23,730,085	1,654,844	na	(7,700,000)	0	17,684,929	1.7%
FY1988-89	17,684,929	139,000	na	32,600,000	0	50,423,929	4.4%
FY1989-90	50,423,929	113,114	na	(10,500,000)	0	40,037,043	3.5%
FY1990-91	40,037,043	0	na	(8,100,000)	0	31,937,043	2.3%
FY1991-92	31,937,043	0	na	(5,000,000)	0	26,937,043	1.8%
FY1992-93	26,937,043	0	na	(9,500,000)	0	17,437,043	1.1%
FY1993-94	17,437,043	0	3,063,462	7,250,000	0	27,750,505	1.7%
FY1994-95	27,750,505	0	(8,518,701)	1,250,000	0	20,481,804	1.2%
FY1995-96	20,481,804	0	(20,481,804)	18,189,565	0	18,189,565	1.0%
FY1996-97	18,189,565	0	19,740,786	3,032,333	0	40,962,684	2.0%
FY1997-98	40,962,684	0	91,621,018	0	0	132,583,702	6.3%
FY1998-99	132,583,702	0	111,616,422	(98,500,000)	0	145,700,124	6.9%
FY1999-00	145,700,124	0	20,959,305	(24,500,000)	0	142,159,429	5.9%
FY2000-01	142,159,429	0	77,576,670	(49,500,000)	0	170,236,099	6.9%
FY2001-02	170,236,099	0	0	(60,170,000)	0	110,066,099	4.7%
FY2002-03	110,066,099	66,476,446	0	(87,400,000)	(30,000,000)	59,142,545	2.4%
FY2003-04	59,142,545	59,463,461	0	(61,577,669)	30,000,000	87,028,337	3.2%
FY2004-05	87,028,337	8,170,556	108,727,007	(26,758,180)	0	177,167,720	5.8%
FY2005-06	177,167,720	0	261,715,297	(165,266,227)	0	273,616,790	8.2%
FY2006-07	273,616,790	0	259,929,524	(17,458,523)	0	516,087,791	15.1%
FY2007-08	516,087,791	0	191,436,773	(161,978,767)	0	545,545,797	15.6%
FY2008-09	545,545,797	0	116,976,571	(84,330,505)	0	578,191,863	17.2%
FY2009-10	578,191,863	0	0	(110,990,237)	0	467,201,626	14.6%
FY2010-11	467,201,626	0	0	(154,000,000)	0	313,201,626	8.9%
FY2011-12	313,201,626	8,422,528	145,155,092	(33,439,198)	(4,461,676)	428,878,372	11.6%
FY2012-13	428,878,372	0	104,789,781	(154,008,427)	4,461,676	384,121,402	9.5%
FY2013-14	384,121,402	0	285,292,610	49,651,294	0	719,065,306	17.5%
FY2014-15	719,065,306	0	96,721,232	(87,951,112)	0	727,835,426	16.9%
FY2015-16 Est	727,835,426	0	84,599,532	(124,795,309)	0	687,639,649	15.6%
FY2016-17 Est	687,639,649	0	17,000,000	(50,000,000)	0	654,639,649	14.3%
FY2017-18 Est	654,639,649	0	0	0	0	654,639,649	13.8%
FY2018-19 Est	654,639,649	0	0	(20,436,714)	0	634,202,935	12.8%

# **General Fund Revenues**

# General Fund Revenue Forecasts

Revenue estimates for FY2015-16 and FY2016-17 are the February 2015 forecasts from the Nebraska Economic Forecast Advisory Board (NEFAB). These forecasts yield a projected adjusted revenue growth of 4.0% in FY15-16 and 4.0% in FY16-17, an average growth of 4.0%. This two year growth is slightly below the 5% historical average, the average growth for the three prior three years was 4.7%

The NEFAB does not make official forecasts for the following biennium or what's commonly referred to as the "out years". Although different methodologies could be utilized, revenue estimates used for the following biennium (FY17-18 and FY18-19) in the current financial status are prepared by the Legislative Fiscal Office (LFO) using a "capped" historical average methodology. This "smoothing" technique derives a revenue growth for the "out years" by calculating the level of revenues that would yield a five year average growth (FY14 to FY19) roughly equal to the 34 year historical average (5.00%) less .25% which is the projected impact of indexing the tax brackets as enacted in 20104 (LB987). Inherent in this methodology is the concept that within any five-year period, below average revenue growth in some years will be offset by above average growth in others and is visually seen in the line graph of historical adjusted revenue growth. Under this method, growth for the two years would average 4.7%.

Table 4 - General Fund Revenue Forecasts

<i>Revenue Estimates Used in Financial Status</i>	Actual FY2014-15	NEFAB FY2015-16	NEFAB FY2016-17	LFO Prelim FY2017-18	LFO Prelim FY2018-19
<b>Actual/Forecast</b>					
Sales and Use Tax	1,535,419,516	1,555,000,000	1,610,000,000	1,698,147,000	1,788,091,000
Individual Income Tax	2,205,463,903	2,320,000,000	2,440,000,000	2,544,645,000	2,657,610,000
Corporate Income Tax	346,477,378	325,000,000	310,000,000	318,988,000	323,988,000
Miscellaneous receipts	217,738,529	220,000,000	215,000,000	185,722,000	178,722,000
Subtotal - Forecast/Actual	4,305,099,326	4,420,000,000	4,575,000,000	4,747,502,000	4,948,411,000
2016 Transfers-In	na	8,000,000	8,000,000	0	0
2016 Revenue Bills	na	0	(2,890,000)	(9,205,000)	(15,872,000)
Total Gen Fund Revenues	4,305,099,326	4,428,000,000	4,580,110,000	4,738,297,000	4,932,539,000
<b>Adjusted Growth</b>					
Total Gen Fund Revenues	6.2%	4.0%	4.0%	4.7%	4.7%
Five Yr Average	--	--	--	--	4.7%

## **Other "Out Year" Forecasts**

As noted above, other alternative methods are available for purposes of deriving revenue estimates for the following biennium. In addition to the historical average methodology used in the financial status, both the Nebraska Department of Revenue (NDR) and Legislative Fiscal Office (LFO) have calculated revenue estimates for these two "out years" using the same models and input from IHS and Moody's, the national forecasting services used as input into the tax forecast models.

While these forecasts work well for the 1 to 3 year forecasts, when extended further they have a tendency to flatten out and follow the 3 year trend into the 4<sup>th</sup> and 5<sup>th</sup> year. In other words, they have difficulty picking up changes in the trend. The historical average methodology, the method used since 1991 and used in the current financial status, utilizes a “smoothing” technique which derives a revenue growth for the “out years” by calculating the level of revenues that would yield a five year average growth (FY14 to FY19) roughly equal to the historical average.

As shown in Table 5, the preliminary estimates for the two “out years” arrived at using the historical average concept (as used in the Financial Status), are fairly similar to the IHS model averages although there is significant difference between the NDR and LFO IHS generated estimates. Forecasts using Moody’s are significantly higher in both cases compared to the historical average method or IHS. Except for the NDR IHS number, the historical average methodology is now on the relatively low side of the forecast range.

Table 5 - Comparison of "Out Year" Forecasts

Based on Feb 2016 Revenue Forecasts	Current Status	Average IHS Econ	Average All Forecasts	High Est LFO-Moodys	Low Est NDR IHS Econ
<b><u>Dollar Forecast (thousands)</u></b>					
FY2017-18 Prelim	4,747,502	4,764,447	4,823,652	4,915,028	4,729,457
FY2018-19 Prelim	4,948,411	4,978,551	5,060,820	5,193,519	4,934,090
<b><u>Calculated Growth (adjusted)</u></b>					
FY2017-18 Prelim	4.7%	5.4%	5.9%	6.2%	4.4%
FY2018-19 Prelim	4.7%	5.0%	5.3%	6.0%	4.8%
Two Year Avg (Prelim)	4.7%	5.2%	5.6%	6.1%	4.6%
Five Year Avg	4.7%	4.8%	5.2%	5.7%	4.7%
<b><u>\$ Difference from Status</u></b>					
FY2017-18	0	16,945	76,150	167,526	(18,045)
FY2018-19	0	30,140	112,409	245,108	(14,321)
Cumulative Total	0	47,084	188,558	412,634	(32,366)

## Chronology of Revenue Forecasts

Table 6 provides a chronology of revenue forecasts for FY2014-15, FY2015-16 and FY2016-17 since the initial NEFAB forecast in October 2012 (FY14-15) and October 2014 (FY15-16 and FY16-17).

The table shows the actual forecast and the change from the prior forecast broken down by the cause of the change whether it is bills enacted, federal tax law changes, or revised economic assumptions (“base”)

Table 6 - Chronology of General Fund Revenue Forecasts

	Sales/Use	Individual	Corporate	Misc	Total Forecast	Change in Forecast			
						Base	Fed Chnge	Bills	Total
<b>FY2014-15</b>									
<i>Board Est-October 2012</i>	1,550,000	2,095,000	270,000	165,000	4,080,000				
Board Est-February 2013	1,547,000	2,120,000	280,000	160,000	4,107,000	289	26,711	0	27,000
Board Est-April 2013	1,560,000	2,120,000	285,000	173,000	4,138,000	31,000	0	0	31,000
Sine Die-2013 Session	1,552,513	2,109,989	285,000	209,827	4,157,329	0	0	19,329	19,329
Board Est-October 2013	1,560,000	2,152,000	263,000	200,000	4,175,000	17,671	0	0	17,671
Board Est-February 2014	1,560,000	2,216,000	263,000	199,000	4,238,000	63,000	0	0	63,000
Sine Die-2014 Session	1,536,422	2,207,703	263,000	213,375	4,220,500	50	0	(17,550)	(17,500)
Board Est-October 2014	1,580,000	2,165,000	325,000	212,000	4,282,000	61,500	0	0	61,500
Board Est-February 2015	1,560,000	2,175,000	347,000	201,000	4,283,000	1,000	0	0	1,000
Board Est-April 2015	1,560,000	2,190,000	345,000	200,000	4,295,000	12,000	0	0	12,000
Sine Die-2015 Session	1,560,000	2,190,000	345,000	200,000	4,295,000	0	0	0	0
Actual Receipts FY2014-15	1,535,420	2,205,464	346,477	217,739	4,305,099	10,099	0	0	10,099
Change: First NEFAB to Actual	(14,580)	110,464	76,477	52,739	225,099	196,609	26,711	1,779	225,099
<b>FY2015-16</b>									
<i>Board Est-October 2014</i>	1,640,000	2,268,000	320,000	190,000	4,418,000	60,688	0	0	60,688
Board Est-February 2015	1,615,000	2,285,000	330,000	183,000	4,413,000	(5,000)	0	0	(5,000)
Board Est-April 2015	1,615,000	2,300,000	330,000	185,000	4,430,000	17,000	0	0	17,000
Sine Die-2015 Session	1,614,273	2,298,471	329,124	231,988	4,473,856	0	0	43,856	43,856
Board Est-October 2015	1,565,000	2,300,000	320,000	218,000	4,403,000	(70,856)	0	0	(70,856)
Board Est-February 2016	1,555,000	2,320,000	325,000	220,000	4,420,000	17,000	0	0	17,000
Sine Die-2016 Session	1,555,000	2,320,000	325,000	228,000	4,428,000	0	0	8,000	8,000
Change: First NEFAB to Current	(85,000)	52,000	5,000	38,000	10,000	(41,856)	0	51,856	10,000
<b>FY2016-17</b>									
<i>Board Est-October 2014</i>	1,710,000	2,395,000	325,000	192,000	4,622,000	57,003	0	0	57,003
Board Est-February 2015	1,691,000	2,405,000	335,000	186,000	4,617,000	(5,000)	0	0	(5,000)
Board Est-April 2015	1,685,000	2,410,000	330,000	185,000	4,610,000	(7,000)	0	0	(7,000)
Sine Die-2015 Session	1,683,200	2,407,937	329,072	225,232	4,645,441	0	0	35,441	35,441
Board Est-October 2015	1,620,000	2,415,000	315,000	212,000	4,562,000	(83,441)	0	0	(83,441)
Board Est-February 2016	1,610,000	2,440,000	310,000	215,000	4,575,000	13,000	0	0	13,000
Sine Die-2016 Session	1,607,111	2,440,075	310,000	222,924	4,580,110	0	0	5,110	5,110
Change: First NEFAB to Current	(102,889)	45,075	(15,000)	30,924	(41,890)	(82,441)	0	40,551	(41,890)

## Historical General Fund Revenues

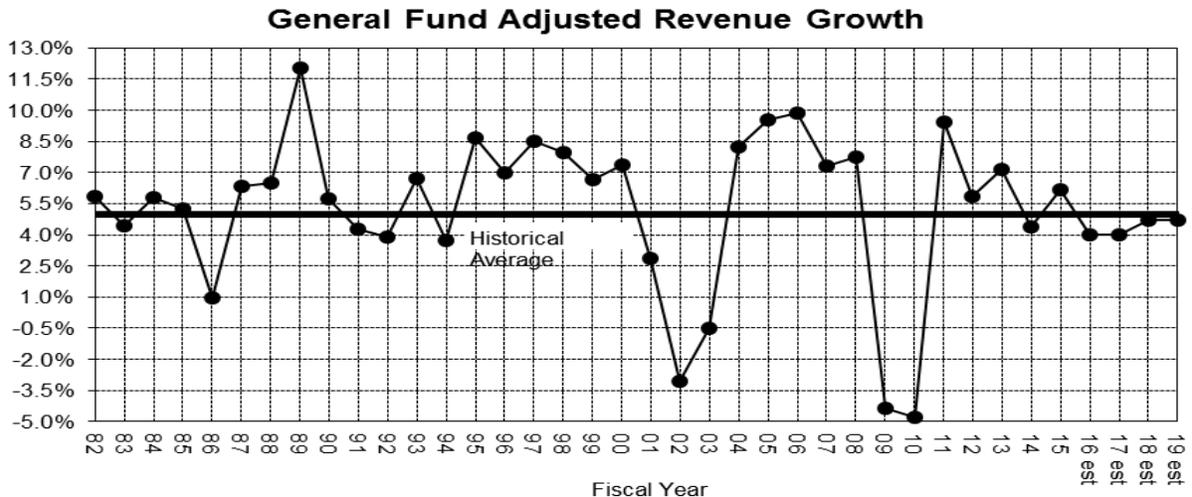
The table below shows the historical General Fund receipts since FY1986-87 and the adjusted revenue growth. For purposes here, adjusted revenue growth means the growth in revenues caused by economic activity and inflation as arrived at by adjusting for items such as tax base and rate changes, legislation enacted, and one-time extraordinary items. The objective is to measure underlying patterns of revenue growth ignoring such changes, and evaluating growth in revenue in context with other measures of economic activity.

The average growth for the past five years of actual receipts (FY2010-11 to FY2014-15) is 6.6% per year, well above the 30-year historical average of 5.0%. All but one of the five years was above average with FY2013-14 at 4.4%.

Table 7 -Historical General Fund Revenues

Fiscal Year	Sales and Use Tax	Individual Income Tax	Corporate Income Tax	Miscellaneous Taxes and Fees	Total Net Receipts	Adjusted Growth
FY 1986-87	345,158,484	365,762,015	67,423,552	108,010,490	886,354,541	6.3%
FY 1987-88	393,148,700	437,741,927	73,781,732	111,426,183	1,016,098,542	6.5%
FY 1988-89	430,078,299	479,731,816	80,624,142	143,012,760	1,133,447,017	12.1%
FY 1989-90	444,231,183	501,134,237	71,948,124	135,396,459	1,152,710,003	5.8%
FY 1990-91	547,372,735	609,430,580	81,947,961	128,325,622	1,367,076,898	4.3%
FY 1991-92	592,441,836	658,634,300	103,617,106	135,716,137	1,490,409,379	3.9%
FY 1992-93	586,355,271	690,350,753	102,754,927	145,200,908	1,524,661,859	6.7%
FY 1993-94	648,846,708	722,360,866	113,142,771	169,401,912	1,653,752,257	3.7%
FY 1994-95	683,852,397	746,717,579	123,923,674	150,995,891	1,705,489,541	8.7%
FY 1995-96	711,008,684	846,550,249	126,801,468	152,380,385	1,836,740,786	7.0%
FY 1996-97	755,907,807	944,117,130	137,337,967	172,241,113	2,009,604,017	8.5%
FY 1997-98	803,805,374	981,643,795	142,150,133	177,852,119	2,105,451,422	8.0%
FY 1998-99	744,650,752	1,078,522,994	135,033,658	165,661,901	2,123,869,305	6.7%
FY 1999-00	900,427,469	1,180,363,301	140,021,942	183,111,959	2,403,924,670	7.4%
FY 2000-01	905,023,176	1,233,363,553	138,040,082	180,435,044	2,456,861,855	2.9%
FY 2001-02	918,889,782	1,159,810,647	107,628,074	179,180,246	2,365,508,749	-3.0%
FY 2002-03	1,028,931,065	1,129,421,651	111,597,405	186,449,714	2,456,399,835	-0.5%
FY 2003-04	1,114,374,321	1,249,890,025	167,429,431	187,033,230	2,718,727,007	8.3%
FY 2004-05	1,231,011,089	1,400,076,680	198,380,442	207,726,086	3,037,194,297	9.5%
FY 2005-06	1,263,678,691	1,545,338,061	262,295,456	280,875,316	3,352,187,524	9.9%
FY 2006-07	1,303,826,416	1,650,895,394	213,027,010	240,582,953	3,408,331,773	7.3%
FY 2007-08	1,321,867,139	1,726,145,405	232,851,654	225,298,373	3,506,162,571	7.7%
FY 2008-09	1,326,161,017	1,600,418,236	198,483,786	232,405,148	3,357,468,187	-4.4%
FY 2009-10	1,289,796,877	1,514,830,114	154,332,137	245,720,545	3,204,679,673	-4.8%
FY 2010-11	1,372,784,033	1,735,208,600	154,944,966	236,717,493	3,499,655,092	9.4%
FY 2011-12	1,436,909,373	1,822,884,254	234,266,237	201,828,916	3,695,888,780	5.9%
FY 2012-13	1,474,942,641	2,101,912,041	275,562,990	199,940,938	4,052,358,610	7.2%
FY 2013-14	1,524,793,763	2,060,758,896	306,591,027	225,264,546	4,117,408,232	4.4%
FY 2014-15	1,535,419,516	2,205,463,903	346,477,378	217,738,529	4,305,099,326	6.2%
FY 2015-16 NEFAB *	1,555,000,000	2,320,000,000	325,000,000	228,000,000	4,428,000,000	4.0%
FY 2016-17 NEFAB *	1,607,111,000	2,440,075,000	310,000,000	222,924,000	4,580,110,000	4.0%
FY 2017-18 LFO	1,692,417,000	2,541,322,000	318,988,000	185,570,000	4,738,297,000	4.7%
FY 2018-19 LFO	1,780,851,000	2,649,130,000	323,988,000	178,570,000	4,932,539,000	4.7%

\* Nebraska Economic Forecasting Advisory Board (NEFAB) Feb 2016 plus 2016 bills enacted



# General Fund Transfers-Out

General Fund Transfers-Out accounts for funds that are transferred from the General Fund to another fund within the state treasury. These items have the same effect as an appropriation but are not expended from the General Fund as such and therefore are shown under the revenue category as transfers-out from the General Fund and subsequently expended from the receiving fund.

Table 8 General Fund Transfers-Out

Excludes CRF Transfers	Actual	Biennial Budget		Following Biennium	
	FY2014-15	FY2015-16	FY2016-17	FY2017-18	FY2018-19
Property Tax Credit Fund	(138,000,000)	(202,000,000)	(202,000,000)	(202,000,000)	(202,000,000)
Water Resources Cash Fund	(3,300,000)	(3,300,000)	(3,300,000)	(3,300,000)	(3,300,000)
Cultural Preservation Endowment	(500,000)	(750,000)	(750,000)	0	0
Water Sustainability Fund	(21,000,000)	(11,000,000)	(11,000,000)	(11,000,000)	(11,000,000)
Victim's Compensation Fund	0	(50,000)	(50,000)	0	0
Clean-burning Motor Fuel (LB581-2015)	0	(500,000)	0	0	0
Game & Parks Improve & Maint.	(15,000,000)	0	0	0	0
Job Training Cash Fund	(10,000,000)	0	0	0	0
Legal Ed Pub Srvce/Rural Practice	(500,000)	0	0	0	0
High Growth Business Develop Fund	(50,000)	0	0	0	0
<i>General Fund Transfers-Out (current law)</i>	<i>(188.350.000)</i>	<i>(217,600,000)</i>	<i>(217,100,000)</i>	<i>(216,300,000)</i>	<i>(216,300,000)</i>
Site & Building Development Fund	0	(4,000,000)	0	0	0
Cultural Preservation Endowment	0	0	0	(500,000)	(500,000)
Nebraska Capital Construction Fund	0	(800,000)	0	0	0
Property Tax Credit Fund	0	0	0	20,000,000	20,000,000
<i>Total-General Fund Transfers-Out</i>	<i>(188.350.000)</i>	<i>(222,400,000)</i>	<i>(217,100,000)</i>	<i>(236,800,000)</i>	<i>(236,800,000)</i>

The 2016 budget adjustments includes four additional transfers out.

1. A one-time \$4,000,000 transfer from the General Fund to the Site and Building Development Fund in FY2015-16. A more detailed description is found on page 63
2. The second item relates to transfers to the Cultural Preservation Endowment Fund. This fund was created in 1998 with an initial \$5 million transfer from the General Fund. In 2008 LB1165 provided another \$4 million. After multiple alterations of the fiscal year transfers, the final transfers, which averaged \$500,000 are scheduled to expire at the end of FY2016-17. The committee proposal incorporates the provisions of LB715 which extends the transfers at \$500,000 per year starting in FY2017-18 through FY2026-27.
3. The budget adjustments also include an \$800,000 transfer to the Nebraska Capital Construction Fund. This amount plus a \$1 million transfer from the Cash Reserve Fund to the NCCF finances the \$1.8 million appropriation to the Dept. of Correctional Services for short term capacity and programming needs while the Lincoln Community Corrections Center project is under construction. (See page 62)

4. LB 958 made changes to the distribution of the Property Tax Credit program and provided for a \$20 million increase in the amount of the credit starting in FY2017-18.

## General Fund Transfers-In

Cash funds are funds which contain earmarked revenue sources and monies in those funds can only be used for the purposes authorized by statute. In many instances (since the 2009 special session) an authorized use of monies in a cash fund is transfers to the General Fund at the discretion of the Legislature. For accounting purposes, these are shown as “Transfers in” and are included as revenues. The transfers shown below were enacted in the 2015 legislative session are already incorporated into the “Net Receipts” figures of the NEFAB forecasts.

Several additional transfers were enacted in the 2016 session and are shown separately below. These include an additional \$6,000,000 each year from the Securities Act Cash Fund and \$2,000,000 each year from the Dept. of Insurance Cash Fund.

Table 9 General Fund Transfers-In

	Actual	Current Biennial Budget		Following Biennium	
	FY2014-15	FY2015-16	FY2016-17	FY2017-18	FY2018-19
Securities Act Cash Fund	21,000,000	24,000,000	24,000,000	0	0
Tobacco Products Admin Cash Fund	10,000,000	13,000,000	10,000,000	0	0
Dept of Insurance Cash Fund	6,000,000	6,250,000	6,250,000	0	0
Charitable Gaming Oper Fund	0	2,000,000	0	0	0
Dept of Motor Vehicles Ignition Interlock Fund	200,000	200,000	200,000	0	0
Collection Agency Cash Fund	0	200,000	0	0	0
Waste Reduction and /Recycling Incentive Fund	0	1,000,000	0	0	0
Resource Recovery Cash Fund	0	200,000	0	0	0
Metropolitan Class Development Fund	0	147,000	0	0	0
Primary Class Development Fund	0	98,000	0	0	0
Convention Center Support Fund	0	150,000	0	0	0
Severance Tax Admin Cash Fund	0	150,000	150,000	0	0
Job Training Cash Fund	0	250,000	250,000	0	0
Medicaid False Claims Cash Fund	6,800,000	0	0	0	0
<i>Transfers-In Already in forecast</i>	44,000,000	47,645,000	40,850,000	0	0
Securities Act Cash Fund	0	6,000,000	6,000,000	0	0
Dept of Insurance Cash Fund	0	2,000,000	2,000,000	0	0
<i>General Fund Transfers-In - 2016</i>	0	8,000,000	8,000,000	0	0
<i>Total General Fund Transfers-In</i>	44,000,000	55,645,000	48,850,000	0	0

# General Fund Revenue Bills - 2016

There were several significant revenue bills enacted in the 2016 legislative session. Because of operative dates and phased-in implementation, the largest dollar impact of the legislation enacted will not occur until the following biennium. The following table lists the bills enacted followed by a narrative description of the major bills in numerical order.

Table 10 Revenue Bills - 2016 Session

	FY2015-16	FY2016-17	FY2017-18	FY2018-19
LB 756 Terminate the Nebr long-term care savings plan	0	0	0	31,000
LB 774 Multiple sales tax exemption, income tax credits	0	(1,524,000)	(2,577,000)	(2,669,000)
LB 803 Change disposition of court docket fees	0	(60,000)	(120,000)	(120,000)
LB 837 Premium taxes, Surplus Lines Insurance Act	0	(16,000)	(32,000)	(32,000)
LB 884 Sales tax turnback, Affordable Housing Tax Credit	0	(1,365,000)	(3,343,000)	(9,172,000)
LB 886 Volunteer Emergency Responders Incentive Act	0	0	(2,188,000)	(2,242,000)
LB 889 School Readiness Tax Credit Act	0	0	(945,000)	(1,668,000)
LB 1083 Next Generation Business Growth Act	0	75,000	0	0
Cash Fund Transfer-In (LB 956) (see GF transfers in section)	8,000,000	8,000,000	0	0
<i>2016 Revenue Bills (to be incorporated into Forecast)</i>	8,000,000	5,110,000	(9,205,000)	(15,872,000)
LB 958 Changes, ag land valuation for Property Tax Credit	0	0	(20,000,000)	(20,000,000)
<i>2016 Revenue Bills (including transfers-out)</i>	8,000,000	5,110,000	(29,205,000)	(35,872,000)

**LB 774** contains multiple sales and use tax exemptions and income tax credits that had previously been contain in 8 different bills.

The original provisions of LB 774 amend the Nebraska Revenue Act of 1967, Section 77-2704.12, to provide a sales and use tax exemption for nonprofit substance abuse treatment centers licensed under the Health Care Facility Act.

The provisions of LB 510 create a nonrefundable income tax credit for the employer of any eligible employee who is a member of a family that received benefits under the federal Temporary Assistance to Needy Families program (TANF), for any 9 months of the 18-month period immediately prior to the employee's hiring. The amount of the credit is 20% of the employer's annual expenditures for certain services, not exceeding the employer's actual tax liability. Those services include the following provided to eligible employees: tuition at a Nebraska public institution of postsecondary education; transportation to and from work. The employer claiming the credit may only do so for two years.

The provisions of LB 542 provides that the purchases of a county agricultural society are exempt from sales and use taxes.

LB 888 provides that the Nebraska Job Creation and Mainstreet Revitalization Act historic property tax credits by providing may be claimed against payment of taxes under Section 77-2734.03 (insurance premium tax). Since there is already a full utilization of the cap amount for credits, this would have no direct fiscal impact.

The provisions of LB 1015 provide an expanded definition related to a sales and use tax exemption for the purchase of fine art by museums. The language is amended by striking the term “fine art” and inserting “property” as defined in Section 51-702(8) of the Museum Property Act which states “property means a tangible object, animate or inanimate, under a museum’s care, which has intrinsic historic, artistic, scientific, or cultural value.”

The provisions of LB 1047 are included which adds the drying and aerating of grain in commercial agricultural facilities under the definition of “processing” for purposes of the exemption from sales and use taxes of energy sources or fuels.

The provisions of LB 1088 include any center for independent living as defined in 29 U.S.C. 796a under a sales and use tax exemption for certain types organizations or facilities. The definition of such a center means: a consumer-controlled, community-based, cross-disability, nonresidential private nonprofit agency that: (A) Is designed and operated within a local community by individuals with disabilities; and (B) Provides an array of independent living services. “Consumer-controlled” means, with respect to a center for independent living, that the center vests power and authority in individuals with disabilities.

The provisions of LB 1014 which amend several sections of statutes regarding public airports or airport authorities and bonded debt and basically provides that budget and levy limitations for public airports do not apply to payments to retire bonded indebtedness.

General Fund Revenue Loss	FY2015-16	FY2016-17	FY2017-18	FY2018-19
Sales tax exempt - nonprofit substance abuse treatment centers	0	(287,000)	(452,000)	(475,000)
Income tax credit - employer of any TANF family member	0	0	(190,000)	(191,000)
Sales tax exempt - county agricultural society	0	(124,000)	(192,000)	(197,000)
Historic property tax credits, offset insurance premium taxes	0	0	0	0
Sales tax exempt - museums, "fine art" to "property"	0	(247,000)	(390,000)	(409,000)
Sales tax exempt -energy sources or fuels, grain drying	0	(866,000)	(1,353,000)	(1,397,000)
Sales tax exempt - 29 U.S.C. 796a independent living center.	0	minimal	minimal	minimal
Budget and levy limit exemption - public airports	0	0	0	0
Total Impact - LB774	0	(1,524,000)	(2,577,000)	(2,669,000)

**LB 884** makes several changes to the sales tax turnback provisions under both the Convention Center Facility Financing Assistance Act and the Sports Arena Facility Financing Assistance Act. The bill also included the original provisions of LB 951 which grants state income tax credits to recipients of federal low-income housing tax credits.

Changes to the Convention Center Facility Financing Assistance Act include:

- (1) Expand the distance allowed to be an “associated hotel” from 200 (or 450) yards to a “program area” surrounding the convention or meeting center. The program area is generally 600 yards from the exterior walls of the convention or meeting center,
- (2) allow the turnback revenue to pay for capital improvements to the convention or meeting center, and allow 10% of the funds for a primary class city (Lincoln) to be used to provide low-income housing in areas with a high concentration of poverty.

Changes to the Sports Arena Facility Financing Assistance Act include:

- (1) change the requirement that the applicant municipality issue or commit to issuing a general obligation bond to help finance the sports arena to allow the commitment or issue to be a revenue bond;
- (2) Change the turnback area similar to the convention center act but also allow for an exclusion of unbuildable property if it is more than 25% of the area within the 600 yard radius otherwise applicable. The program area would flow to other areas outside the 600 yard radius, so long as the total area is the same. The map provided at the application and hearing stage is to provide a description of the unbuildable area and the proposed program area
- (3) Provide that for new applications for assistance, no more than 50% of the funding may come from the turnback revenue; and
- (4) Extend the time during which a nearby retailer would be considered “new,” thus allowing all its state sales taxes collected to be turned back to the city, from 24 months after occupancy of the sports arena facility, to 48 months after occupancy or the effective date of the act, whichever is later.

Affordable Housing Tax Credit Act provides a nonrefundable tax credit, basically a companion tax credit to the federal Low-Income Housing Tax Credit (LIHTC). The amount of the Nebraska tax credit is to be the amount of federal low-income housing tax credits. Nebraska tax credits are to be issued for the first six years of the credit period and shall only be allocated to qualified projects placed in service after January 1, 2017. The maximum amount of Nebraska affordable housing credits awarded in an allocation year shall be no more than 100% of the total amount of federal low income housing tax credits. Unused tax credits may be carried forward. Credits may be claimed on tax returns filed after January 1, 2018.

General Fund Revenue Loss	FY2015-16	FY2016-17	FY2017-18	FY2018-19
Amend Convention Center / Sports Arena throwback	0	(1,365,000)	(3,343,000)	(4,762,000)
Affordable Housing Tax Credit Act (originally LB 951)	0	0	0	(4,410,000)
Total Impact - LB884	0	(1,365,000)	(3,343,000)	(9,172,000)

**LB 886** creates the Volunteer Emergency Responder Incentive Act and provides for a \$250 refundable income tax credit for each individual who qualifies under the criteria established by the bill. The bill establishes a point system for volunteer firefighters, rescue squad members, and emergency responders to determine annual qualifications for the tax credit. The bill also provides notification responsibilities for the local governing board in respect to certifying eligible individuals and requires that the certification be provided to the Department of Revenue no later than February 15 each year. The bill would be operative for taxable years beginning on or after January 1, 2017 and an individual would become eligible to take the credit beginning with the second taxable year they are on the certified list provided to the Department of Revenue.

**LB 889** creates the School Readiness Tax Credit Act. The Act provides two categories of income tax credits for taxable years 2017 through 2021.

First is a nonrefundable credit to persons who own or operate an eligible child care and education program that serves children who participate in the child care subsidy program established in law (section 68-1202). The credit to the provider shall be equal to the average monthly number of subsidy children who attend the provider's program multiplied by an amount based on the quality scale rating of the eligible program. The provider may receive a credit equal to the following amounts per subsidy child: A) \$750 for a Step Five program, B) \$500 for a Step Four program, C) \$250 for a Step Three program, D) \$0 for a Step Two program, E) \$0 for a Step One program.

Second, is a refundable credit to staff members who are both employed with an eligible program for at least six months during the taxable year and are classified in the Nebraska Early Childhood Professional Record System defined in the bill. Certified teaching and administrative staff employed by programs established pursuant to section 79-1104 are excluded. Eligible staff members may receive a credit equal to the following amounts: A) \$1,500 for a Level Four classification, B) \$1,250 for a Level Three classification, C) \$750 for a Level Two classification, and D) \$500 for a Level One classification. These credit amounts will be adjusted for inflation.

To receive these credits eligible providers and staff members must submit an application to the Department along with supporting documentation. The Department will certify the amount of credits approved. The eligible provider or staff member may claim the credits by attaching the tax credit certification form to their tax return. The Department will consider applications in the order in which they are received and may approve tax credits under this act until the aggregate limit of \$5 million per year is reached.

**LB 958** made several changes dealing with the Property Tax Credit Act. Previously the property tax credit was distributed based on 100% of the taxable value of real property. Under LB 958, the credit is distributed using "credit allocation valuation" which is 120% of agricultural and horticultural land taxable value and 100% for all other real property except agricultural and horticultural land. This change would shift \$20 million of the property tax credit amounts from residential, commercial and industrial, and public service sectors to agriculture. To hold these other sectors harmless, LB958 increased the total amount of the credit to allocate by \$20 million, from \$204 million to \$224 million.

# **General Fund Appropriations**

# Overview of the FY16 & FY17 General Fund Biennial Budget (As Revised)

This section provides a summary of current General Fund appropriations which reflect the cumulative impact of the original budget as enacted in the 2015 Session and changes made during the 2016 Session. Table 12 contains a listing of the FY16 and FY17 significant increases and reductions which account for about 97% of the total net change in General Fund appropriations over the two year period. Table 13 provides a more detailed breakdown of operations and state aid and provides a narrative description of major changes for each area.

This report provides a description of the major changes enacted during the 2016 Session. The reader should refer to the 2015 Biennial Budget Report for a more detailed description of the budget actions taken in the initial enactment of the FY16 / FY17 biennial budget

Table 11 General Fund Appropriations FY2015-16 and FY2016-17

<b>FY2014-15</b>	Operations	State Aid	Construction	Total
<b>Total Per 2014 Session</b>	1,429,479,091	2,649,908,995	26,437,444	4,105,825,530
2015 Session Deficits	27,940,488	(18,926,264)	0	9,014,224
2015 Session State Claims	2,210,995	0	0	2,210,995
<b>Final Appropriation with deficits</b>	<b>1,459,630,574</b>	<b>2,630,982,731</b>	<b>26,437,444</b>	<b>4,117,050,749</b>
<b>FY2015-16</b>	Operations	State Aid	Construction	Total
<b>Total Per 2015 Session</b>	1,521,595,794	2,723,825,275	26,382,800	4,271,803,869
2016 Session-Committee Proposed	4,636,030	(14,797,609)	0	(10,161,579)
2016 Session-State Claims	1,035,297	0	0	1,035,297
2016 Session-Floor Actions	250,000	2,250,000	0	2,500,000
2016 Session-Governor Vetoes	0	0	0	0
2016 Session-Veto Overrides	0	0	0	0
2016 Session "A" bills	0	0	0	0
2016 Session - Deficits	5,921,327	(12,547,609)	0	(6,626,282)
<b>Final Appropriation with deficits</b>	<b>1,527,517,121</b>	<b>2,711,277,666</b>	<b>26,382,800</b>	<b>4,265,177,587</b>
Change over prior year (excluding deficits)				
Dollar	92,116,703	73,916,280	(54,644)	165,978,339
Percent	6.4%	2.8%	-0.2%	4.0%
<b>FY2016-17</b>	Operations	State Aid	Construction	Total
<b>Total Per 2015 Session</b>	1,560,037,578	2,814,979,102	22,239,000	4,397,255,680
2016 Session-Committee Proposed	19,086,019	(4,666,968)	0	14,419,051
2016 Session-Floor Actions	(5,000)	(2,495,000)	0	(2,500,000)
2016 Session-Mainline Governor Vetoes	0	0	0	0
2016 Session-Mainline Veto Overrides	0	0	0	0
2016 Session "A" bills	1,541,106	975,000	0	2,516,106
2016 Session - Midbiennium Adjustments	20,622,125	(6,186,968)	0	14,435,157
<b>Total Per 2016 Session</b>	<b>1,580,659,703</b>	<b>2,808,792,134</b>	<b>22,239,000</b>	<b>4,411,690,837</b>
Change over prior year (excluding deficits)				
Dollar	59,063,909	84,966,859	(4,143,800)	139,886,968
Percent	3.9%	3.1%	-15.7%	3.3%
Two Year Avg Growth (excluding deficits)	5.2%	3.0%	-8.3%	3.7%
Two Year Avg Growth (with deficits)	4.1%	3.3%	-8.3%	3.5%

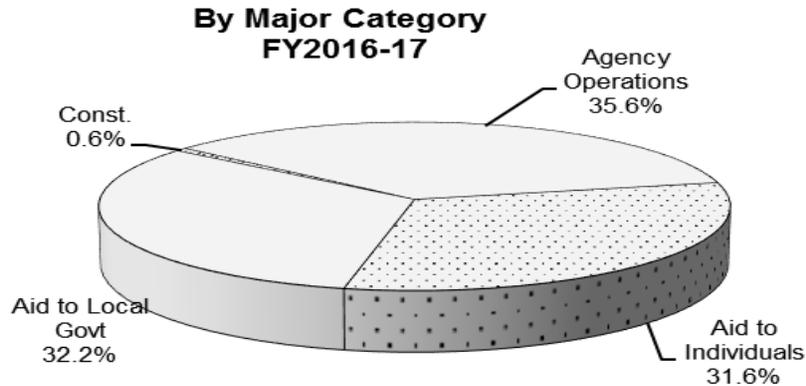
Excluding deficits, FY15-16 is a \$165.9 million (4.0%) increase over FY14-15, while FY16-17 includes an additional \$139.9 million (3.3%) increase over FY15-16. The average annual increase for the biennium is 3.7%. Major changes in the FY15-16 and FY16-17 General Fund budget as compared to the FY14-15 base year level is shown below and accounts for about 97% of the total net change in appropriations over the two year period. All items shown reflect the cumulative impact of actions taken in the 2015 Session and subsequently 2016.

**Table 12 Significant Increases and Reductions - FY16 and FY17 (as revised)**

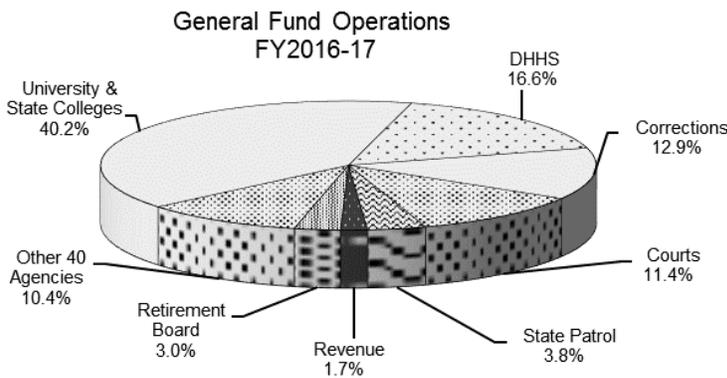
Excludes FY16 deficits	\$ Change over FY15 Base Year		Sum Total for the Biennium
	FY2015-16	FY2016-17	
TEEOSA Aid to Schools (General Funds only)	37,079,783	38,581,739	75,661,522
Federal Medicaid Match rate (op & aid)	35,048,141	36,216,988	71,265,129
Medicaid (other than FMAP)	13,559,511	44,259,860	57,819,371
General 3% Increase (University & Colleges)	17,766,389	36,065,766	53,832,155
Salaries & Health Insurance (State Agencies)	18,714,932	33,761,332	52,476,264
Child Welfare aid (other than FMAP)	4,194,616	21,914,641	26,109,257
Inmate per diem costs - Medical & Hepatitis C (Corrections)	8,770,710	13,575,114	22,345,824
Personal Property Tax Relief Act	0	19,600,000	19,600,000
Juveniles, court jurisdiction - (Courts)	2,970,373	12,071,602	15,041,975
Special Education	5,344,199	8,295,156	13,639,355
Developmental Disability aid (other than FMAP)	4,327,173	9,131,602	13,458,775
Funds shifts (DHHS)	6,426,704	6,426,704	12,853,408
Staffing, programs, equipment (Corrections)	5,017,185	7,452,018	12,469,203
Specific Items (University)	4,784,150	7,194,300	11,978,450
Community Colleges aid	2,851,211	5,787,957	8,639,168
Behavioral health aid (other than FMAP)	1,976,958	6,400,555	8,377,513
Juvenile probation costs (Courts)	7,000,000	0	7,000,000
LB 605 Justice Reinvestment Act (Courts & Corrections)	1,763,046	4,839,586	6,602,632
Replace Ed Lottery funds (education aid programs)	0	5,292,962	5,292,962
Operating inflation & DAS rates (State Agencies)	2,073,297	3,015,701	5,088,998
Public/Community Health Aid	2,040,000	1,955,000	3,995,000
Inmate per diem costs - non-medical (Corrections)	1,061,343	3,830,644	4,891,987
Managed care enrollment broker (DHHS)	0	3,445,925	3,445,925
Student assessment (Education)	1,600,000	1,600,000	3,200,000
Community Based Juvenile Services aid	1,350,000	1,350,000	2,700,000
Judges salaries (Courts)	723,236	1,471,786	2,195,022
LB 598 Mentally ill inmates, move parole (Parole & Corrections)	946,087	1,029,168	1,975,255
Children's Health Insurance (other than FMAP & ACA)	635,188	983,769	1,618,957
Retirement, K-12 School / Judges / Patrol	832,187	657,988	1,490,175
LB 265 Out of home data pilot project (Crime Commission)	700,000	700,000	1,400,000
Aging programs	405,247	986,236	1,391,483
Annualize Public Guardianship Act LB920 (Courts)	618,134	618,134	1,236,268
Use of county jail housing (Corrections)	773,375	380,522	1,153,897
Interstate Water Litigation (Attorney General)	200,000	921,500	1,121,500
Alleviate court ordered wait list, Lincoln Regional Center (DHHS)	0	1,061,232	1,061,232
State aid to development districts	500,000	500,000	1,000,000
Children's Health Insurance (expanded match rate, ACA)	(17,383,901)	(23,712,590)	(41,096,491)
Resources Development Fund (one-time & completed projects)	(10,492,793)	(10,492,793)	(20,985,586)
Early Childhood grant program (one-time)	(3,415,000)	(3,415,000)	(6,830,000)
Homestead Exemption	(2,521,000)	(1,006,000)	(3,527,000)
Capital Construction	(54,644)	(4,198,444)	(4,253,088)
Public Assistance (other than FMAP)	1,194,906	(2,675,673)	(1,480,767)
Other Not Listed (Net)	6,597,596	9,990,320	16,587,916
<b>TOTAL GENERAL FUND CHANGE</b>	<b>165,978,339</b>	<b>305,865,307</b>	<b>471,843,646</b>
2015 Session	165,978,339	291,430,150	457,408,489
2014 Session	deficits	14,435,157	14,435,157
<b>Total</b>	<b>165,978,339</b>	<b>305,865,307</b>	<b>471,843,646</b>

Table 13 Summary of FY2015-16 & FY2016-17 General Fund Budget

	2016 Session		Change over Prior Yr		Change over Prior Yr		2 Yr Avg % Change	% of Total FY16-17
	w/o Deficits FY2015-16	Revised Total FY2016-17	FY15-16 (w/o deficits) \$	%	FY16-17 (w/o deficits) \$	%		
<b><u>Agency Operations</u></b>								
University/Colleges	614,763,452	635,472,980	22,550,538	3.8%	20,709,528	3.4%	3.6%	14.4%
Health & Human Services System	250,901,024	262,140,415	15,846,264	6.7%	11,239,391	4.5%	5.6%	5.9%
Correctional Services	201,754,397	204,158,501	19,941,051	11.0%	2,404,104	1.2%	6.0%	4.6%
Courts	166,968,022	179,806,832	17,540,183	11.7%	12,838,810	7.7%	9.7%	4.1%
State Patrol	58,537,010	60,113,441	1,960,189	3.5%	1,576,431	2.7%	3.1%	1.4%
Revenue	26,805,142	27,551,068	377,121	1.4%	745,926	2.8%	2.1%	0.6%
Retirement Board	47,477,438	47,303,239	832,187	1.8%	(174,199)	-0.4%	0.7%	1.1%
Other 40 Agencies	154,389,309	164,113,227	13,069,170	9.2%	9,723,918	6.3%	7.8%	3.7%
Total-GF Operations	1,521,595,794	1,580,659,703	92,116,703	6.4%	59,063,909	3.9%	5.2%	35.8%
<b><u>State Aid to Individuals/Others</u></b>								
Medicaid	818,751,907	850,259,344	41,028,010	5.3%	31,507,437	3.8%	4.6%	19.3%
Child Welfare Aid	142,549,735	160,193,618	4,770,736	3.5%	17,643,883	12.4%	7.8%	3.6%
Public Assistance	111,909,169	108,094,067	1,589,281	1.4%	(3,815,102)	-3.4%	-1.0%	2.5%
Developmental disabilities aid	145,556,246	150,667,981	8,516,051	6.2%	5,111,735	3.5%	4.9%	3.4%
Behavioral Health aid	69,421,172	73,844,769	1,976,958	2.9%	4,423,597	6.4%	4.6%	1.7%
Childrens Health Insurance (SCHIP)	12,408,257	6,440,394	(15,151,770)	-55.0%	(5,967,863)	-48.1%	-51.7%	0.1%
Aging Programs	9,868,712	10,449,701	405,247	4.3%	580,989	5.9%	5.1%	0.2%
Higher Ed Student Aid programs	7,603,156	7,853,156	50,000	0.7%	250,000	3.3%	2.0%	0.2%
Public Health Aid	7,077,612	6,917,612	640,000	9.9%	(160,000)	-2.3%	3.7%	0.2%
Business Innovation Act	6,760,000	6,760,000	0	0.0%	0	0.0%	0.0%	0.2%
Community health centers	5,708,060	5,783,060	1,400,000	32.5%	75,000	1.3%	15.9%	0.1%
All Other Aid to Individuals/Other	11,230,853	11,256,968	(1,281,520)	-10.2%	26,115	0.2%	-5.1%	0.3%
Total-GF Aid to Individuals/Other	1,348,844,879	1,398,520,670	43,942,993	3.4%	49,675,791	3.7%	3.5%	31.7%
<b><u>State Aid to Local Govts</u></b>								
State Aid to Schools (TEEOSA)	950,651,625	952,153,581	37,079,783	4.1%	1,501,956	0.2%	2.1%	21.6%
Special Education	219,112,160	222,063,117	5,344,199	2.5%	2,950,957	1.3%	1.9%	5.0%
Property Tax Credit	Transfer		--	--	--	--	--	--
Aid to Community Colleges	97,891,562	100,828,308	2,851,211	3.0%	2,936,746	3.0%	3.0%	2.3%
Homestead Exemption	71,000,000	72,515,000	(2,521,000)	-3.4%	1,515,000	2.1%	-0.7%	1.6%
Personal Property Tax Relief Act	0	19,600,000	0	--	19,600,000	100.0%	na	0.4%
Aid to ESU's	14,051,761	14,051,761	0	0.0%	0	0.0%	0.0%	0.3%
Early Childhood programs	5,820,164	8,770,164	(3,415,000)	-37.0%	2,950,000	50.7%	-2.6%	0.2%
Community Based Juvenile Services	6,300,000	6,300,000	1,350,000	27.3%	0	0.0%	12.8%	0.1%
Resources Development Fund	3,140,325	3,140,325	(10,492,793)	-77.0%	0	0.0%	-52.0%	0.1%
Other Aid to Local Govt	7,012,799	8,506,246	(223,113)	-3.1%	1,493,447	21.3%	8.4%	0.2%
Total-GF Aid to Local Govt	1,374,980,396	1,410,271,464	29,973,287	2.2%	35,291,068	2.6%	2.4%	32.0%
<b><u>Capital Construction</u></b>								
	26,382,800	22,239,000	(54,644)	-0.2%	(4,143,800)	-15.7%	-8.3%	0.5%
<b><u>Total Appropriations</u></b>								
	4,271,803,869	4,411,690,837	165,978,339	4.0%	139,886,968	3.3%	3.7%	100.0%



**Agency Operations** accounts for the costs of actually operating state agencies including costs such as employee salaries and benefits, data processing, utilities, vehicle and equipment purchases, fuel and oil, etc... In the FY2016-17 budget, 35.6% of all General Fund appropriations are for agency operations. Although there are 48 state agencies that receive General Fund appropriations higher education (University of Nebraska and State Colleges) and the six largest agencies (Health and Human Services, Corrections, Courts, State Patrol, Revenue, and Retirement Board) account for 90% of state operations. Note that all of the General Funds for the Retirement Board are actually state contributions for the K-12 School employee retirement plan. They are not shown under aid to local governments as the monies are placed directly into the retirement fund and are not actually paid to a school district.



General Funds for agency operations shows a net \$92.1 million increase (6.4%) in FY15-16 and a \$59.1 million increase (3.9%) in FY16-17. The most significant increases in operations in FY15-16 are \$17.8 million for a 3.0% increase in support for the University of Nebraska and State Colleges, \$14.8 million for staffing and inmate per diem costs (mostly

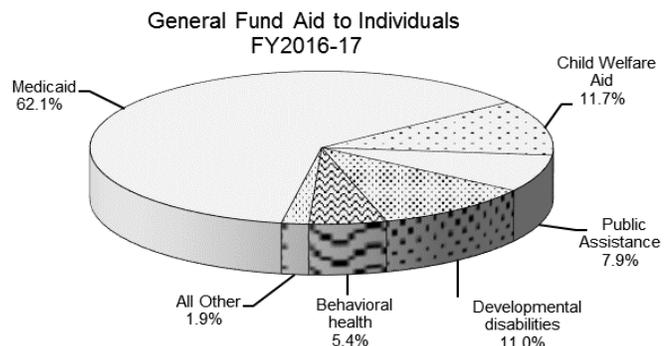
health care) under the Dept. of Correctional Services, \$10.4 million for a 2.25% salary increase for state employees, \$8.1 million for a 15.7% increase in health insurance for state employees, and \$7 million (FY16 only) for funding shortfall in juvenile probation related to LB561 transition. Under the Dept. of Correctional Services the budget continues funding for one more year (\$5 million) the program that allows housing inmates in county jails pending longer term solutions to the overcrowding issue.

The smaller increase in FY16-17 reflects a much smaller growth in two of the areas which contributed to the higher growth in FY15-16. State employee health insurance is projected to increase at a 5% rate as compared to the 15.7% in FY16 and inmate health care costs are increased by \$4.8 million compared to the \$8.8 million in FY16 where the initial hepatitis C

costs are included in the base. Also a \$7 million increase in FY16 for juvenile probation was a one-time amount and removed in FY17. However there was a significant increase in appropriations in FY16-17 for juvenile justice. LB464 enacted in the 2014 session, changed provisions regarding the exclusive original jurisdiction of juveniles age 16 and 17. The bill phased-in this jurisdiction change (age 16 on January 1, 2015 and age 17 on January 1, 2017) with the full impact not realized until FY2016-17 and a \$9.1 million increase relative to the FY16 amount.

<u>Agency Operations</u>	<u>Change over FY15 base, FY16 w/o deficits</u>		
	<u>FY2015-16</u>	<u>FY2016-17</u>	<u>Two Yr Total</u>
General Increase (University & State Colleges)	17,766,389	36,065,766	53,832,155
Salaries (State Agencies)	10,407,337	21,718,622	32,125,959
Inmate per diem costs - Medical & Hepatitis C (Corrections)	8,770,710	13,575,114	22,345,824
Health Insurance (State Agencies)	8,307,595	12,042,710	20,350,305
Juveniles, court jurisdiction - LB464 (Courts)	2,970,373	12,071,602	15,041,975
Specific Items (University)	4,784,150	7,194,300	11,978,450
Funds shifts (DHHS)	6,426,704	6,426,704	12,853,408
Staffing, security and health services (Corrections)	4,131,207	4,035,783	8,166,990
Juvenile probation costs under LB561 (Courts)	7,000,000	0	7,000,000
LB 605 Justice Reinvestment Act (Courts & DCS)	1,763,046	4,339,586	6,102,632
Inmate per diem costs - non-medical (Corrections)	1,061,343	3,830,644	4,891,987
Voc Rehab, shift funds from aid to operations (Education)	2,101,250	2,101,250	4,202,500
Managed care enrollment broker (DHHS)	0	3,445,925	3,445,925
Student assessment (Education)	1,600,000	1,600,000	3,200,000
DAS related rates (State Agencies)	1,143,162	1,566,300	2,709,462
Retirement, K-12 School / Judges / Patrol	1,701,755	1,281,988	2,983,743
Equipment, utilities, other operating costs (Corrections)	0	2,540,178	2,540,178
Judges salaries (Courts)	723,236	1,471,786	2,195,022
General Operating inflation (State Agencies)	930,135	1,449,401	2,379,536
LB 598 Mentally ill inmates, move parole (Parole Board & DCS)	946,087	1,029,168	1,975,255
FMAP-operations related (DHHS)	823,326	983,353	1,806,679
LB 265 Out of home data pilot project (Crime Commission)	700,000	700,000	1,400,000
Annualize Public Guardianship Act LB920 (Courts)	618,134	618,134	1,236,268
Use of county jail housing (Corrections)	773,375	380,522	1,153,897
Interstate Water Litigation (Attorney General)	200,000	921,500	1,121,500
Alleviate court ordered wait list, Lincoln Reg Cntr (DHHS)	0	1,061,232	1,061,232
Vocational & Life Skills, Violence Reduction (Corrections)	512,748	502,827	1,015,575
All Other	5,954,641	8,226,217	14,180,858
<b>Total - Operations</b>	<b>92,116,703</b>	<b>151,180,612</b>	<b>243,297,315</b>

**State Aid to Individuals.** About 32% of all General Fund appropriations are classified as state aid to individuals. Aid to individuals includes programs such as Medicaid, Child Welfare, Public Assistance programs such as AFDC, student scholarships, etc... This area also includes aid to quasi-government units that are those local agencies that do not have the authority to levy property taxes such as area agencies on aging, behavioral health regions and developmental disability regions.



Compared to prior years, this area has relatively modest overall growth in the budget with a net increase of \$43.9 million (3.4%) in FY2015-16. This includes, \$34.2 million to offset a lower federal Medicaid match rate, \$23.8 million for DHHS provider rate increases (2.0% in general and 2.25% for certain providers), \$23.1 million increase for Medicaid eligibility and utilization, and \$8.5 million to increase child care rates to the 60% percentile based on the 2015 market rate survey. These increases were partially offset by a \$17.4 million reduction in Children’s Health Insurance (SCHIP) due to a larger federal match under the Affordable Care Act (ACA) health care reform, and a \$31 million base reduction in Medicaid and Public Assistance based on projected FY15 spending levels.

Increased funding is also provided for the developmental disability program including funds for new clients transitioning from high school (\$1.3 million FY16 and \$2.5 million FY17). The proposed budget does not include any additional funds relating to reducing the waiting list.

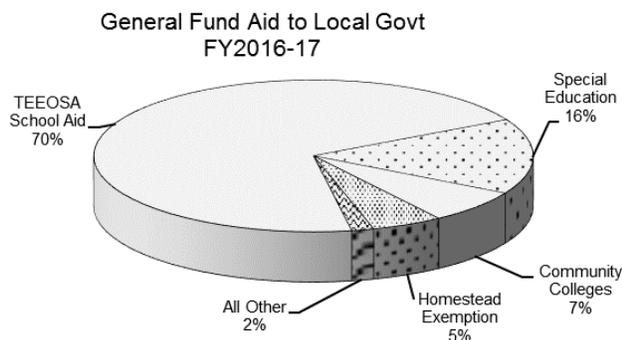
The FY16-17 appropriation increased by an additional \$49.7 million or 3.7%. There was an additional \$6.3 reduction in Children’s Health Insurance (SCHIP) again related to a higher ACA match rate and a minimal increase due to the FMAP change unlike FY16. On the other hand, there was no additional Medicaid base reduction to help offset increases in rates, eligibilities, and utilization and there was a \$2.5 million add to restore funds for a prior reduction made in anticipation of savings due to the Affordable Care Act. Also based on FY15-16 spending levels, there was a \$15 million increase in Child Welfare funding provided in the 2016 session financed with a reduction in both Medicaid and Public Assistance

<u>Aid to Individuals</u>	<u>Change over FY15 base, FY16 w/o deficits</u>		
	<u>FY2015-16</u>	<u>FY2016-17</u>	<u>Two Yr Total</u>
Federal Medicaid Match rate (FMAP) (aid only)	34,224,815	35,330,789	69,555,604
Medicaid (other than FMAP, ACA, match shift)	13,559,511	44,259,860	57,819,371
Child Welfare aid (other than FMAP and LB561)	3,928,137	20,676,162	24,604,299
Developmental Disability aid (other than FMAP)	4,327,173	9,131,602	13,458,775
Behavioral health aid (other than FMAP, match shift, ACA)	1,976,958	6,400,555	8,377,513
Public/Community Health Aid	2,040,000	1,955,000	3,995,000
Children’s Health Insurance (other than FMAP & ACA)	635,188	983,769	1,618,957
Child Welfare aid (LB561 shift to courts operations)	266,479	1,238,479	1,504,958
Aging programs	405,247	986,236	1,391,483
State aid to development districts	500,000	500,000	1,000,000
ACA Health Care Reform (aid & contingency net)	(17,383,901)	(23,712,590)	(41,096,491)
Voc Rehab, shift funds from aid to operations (Education)	(2,101,250)	(2,101,250)	(4,202,500)
Public Assistance (other than FMAP)	1,194,906	(2,675,673)	(1,480,767)
All Other	369,730	645,845	1,015,575
Total - Aid to Individuals	<u>43,942,993</u>	<u>93,618,784</u>	<u>137,561,777</u>

**State Aid to Local Governments** accounts for aid payments to local governments and represents 32.2% of all General Fund appropriations. This category includes those local entities that have the authority to levy a property tax such as cities, counties, and schools and includes programs such as state aid to schools (TEEOSA), special education, community colleges, and homestead exemption reimbursements. State payments for teacher retirement are not included under this category as those amounts are credited directly to the teacher retirement fund and are not checks written to school districts nor do those amounts show up as a school revenue or subsequent expenditure.

Collectively, aid to local governments receives a \$29.9 million (2.2%) increase in FY2015-16 and another \$35.3 million (2.6%) increase in FY2016-17.

Because TEEOSA school aid accounts for 70% of all aid to local governments, TEEOSA also significantly influences the growth rate in this category. TEEOSA aid is projected to increase by \$37.1 million (4.1%) in FY15-16 and only \$1.5 million (.2%) in FY16-17. The FY15-16 and FY16-17 amounts is based on existing law and the Dept. of Education certification in February 2015 and February 2016 respectively. The low FY17 growth is the result of a lower spending estimate, continued growth in agricultural value, but also some renewed growth in residential valuation.



Other significant increases in FY2015-16 are Special Education (\$5.3 million, 2.5%), Community College aid (\$2.8 million, 3.0%) and aid for community based juvenile services (\$2 million, 41%). The budget also includes a \$5.3 million increase in FY16-17 to replace use of education lottery funds for the early childhood and high ability learners programs.

With 2016 session adjustments, Homestead exemption reimbursements are funded at the levels to cover actual claims reported under current law which show a \$2.5 reduction in FY16 but a slight increase in FY17.

The budget also includes two base reduction to remove one-time FY15 funding, \$10.4 million for the Resources Development Fund and \$3.4 million for early childhood programs which amount was to cover a three year period.

Over half of the increase in FY2016-17 is related to the 2015 enactment of LB259, the Personal Property Tax Relief Act. The bill provides for an exemption from the property tax on the first \$10,000 of valuation of tangible personal property in each tax district in which a personal property tax return is required to be filed and state replacement of the lost property tax revenue. Estimated cost for FY2016-17 is \$19.6 million.

Aid to Local Governments	Change over FY15 base, FY16 w/o deficits		
	FY2015-16	FY2016-17	Two Yr Total
TEEOSA Aid to Schools (Gen Fund only net)	37,079,783	38,581,739	75,661,522
Personal Property Tax Relief Act	0	19,600,000	19,600,000
Special Education	5,344,199	8,295,156	13,639,355
Community Colleges	2,851,211	5,787,957	8,639,168
Community Based Juvenile Services aid	1,350,000	1,350,000	2,700,000
High ability learner programs	0	2,342,962	2,342,962
Early Childhood Endowment	0	1,000,000	1,000,000
Riparian Vegetation grants	0	975,000	975,000
Resources Development Fund (one-time & complete projects)	(10,492,793)	(10,492,793)	(20,985,586)
Early Childhood grant program	(3,415,000)	(1,465,000)	(4,880,000)
Homestead Exemption	(2,521,000)	(1,006,000)	(3,527,000)
All Other	(223,113)	295,334	72,221
<b>Total - Aid to Local Govt</b>	<b>29,973,287</b>	<b>65,264,355</b>	<b>95,237,642</b>

**Capital Construction** which accounts for about .2% of General Fund appropriations includes costs for new construction and major repairs and renovation of state-owned facilities. The term "major" is used with respect to repair and renovations as relatively small or on-going projects are routinely done within agencies operating budgets. Road construction and maintenance is not included in this category but included under cash fund agency operations.

The enacted budget reflects minimal change in construction compared to the current FY14-15 level. Virtually all of the General Funds included in the budget are to cover the dollar amounts needed to complete funding of projects approved in previous sessions, commonly referred to as reaffirmations. The only General Funds for new construction are \$1.361 million for a renovation/conversion project at the Western Nebraska Veterans Home and financed by lapsing a like amount from the unexpended FY15 General Funds in the veterans home operations budget.

Two other new significant projects were financed but with a transfer from the Cash Reserve Fund to the Nebraska Capital Construction: the Global Center for Advanced Interprofessional Learning and an additional housing unit at the Lincoln Community Corrections Center.

# Historical General Fund Appropriations

Table 14 provides a historical perspective showing appropriations for the twenty year period FY1996-97 through the enacted budget for FY2016-17 by major area. Average spending growth over the 20 year period is 4.3%.

Table 15 provides a breakdown by year of General Fund appropriations for the past 20 years by major category and percent changes by year and biennial budget.

Table 14 Breakdown of General Fund Appropriation- Last 20 Years

<b>APPROPRIATIONS</b>	New Approp FY1996-97	New Approp FY2006-07	2016 Session FY2016-17	Avg % 20 Yr 97 to 17
<b><u>AGENCY OPERATIONS</u></b>				
University + Colleges	360,160,339	495,353,972	635,472,980	2.9%
Health & Human Services System	133,024,461	218,236,466	262,140,415	3.4%
Correctional Services	62,453,461	136,796,113	204,158,501	6.1%
Court System	39,310,621	62,225,402	179,806,832	7.9%
State Patrol	27,271,427	48,010,563	60,113,441	4.0%
Retirement Board	14,651,673	32,203,573	47,303,239	6.0%
Revenue	19,227,405	22,567,557	27,551,068	1.8%
Other 40 Agencies	94,680,618	136,069,993	164,113,227	2.8%
Total-GF Operations	750,780,005	1,151,463,639	1,580,659,703	3.8%
<b><u>AID TO INDIVIDUALS</u></b>				
Medicaid	277,198,659	558,888,505	850,259,344	5.8%
Child Welfare aid	39,052,986	138,805,226	160,193,618	7.3%
Public Assistance	59,158,666	93,083,391	108,094,067	3.1%
Developmental disabilities	30,716,947	64,415,818	150,667,981	8.3%
Behavioral Health aid	17,387,090	44,577,915	73,844,769	7.5%
Childrens Health Insurance (CHIP)	0	10,842,937	6,440,394	na
Public Health Aid and health centers	1,718,965	6,639,166	12,700,672	10.5%
Aging programs	2,803,536	6,042,213	10,449,701	6.8%
Higher Ed Student Aid	2,982,056	5,766,815	7,853,156	5.0%
Business Innovation Act	0	0	6,760,000	na
Other Aid to Individuals/Other	9,545,826	9,962,608	11,256,968	0.8%
Total-State Aid to Ind/Other	440,564,731	939,024,594	1,398,520,670	5.9%
<b><u>AID TO LOCAL GOVT</u></b>				
State Aid to Education (TEEOSA)	434,834,334	701,346,228	952,153,581	4.0%
Special Education	124,325,645	174,280,179	222,063,117	2.9%
Property Tax Credit	--	--	Transfer	na
Aid to Community Colleges	37,694,489	68,566,476	100,828,308	5.0%
Homestead Exemption	40,262,514	56,473,000	72,515,000	3.0%
Personal Property Tax Relief Act	--	--	19,600,000	na
Aid to ESU's	0	11,546,488	14,051,761	na
Aid to Cities	17,631,500	11,257,193	0	-100.0%
Aid to Counties (all programs)	13,297,500	8,875,866	0	-100.0%
Early Childhood+High Ability Learner	435,000	6,017,392	11,113,126	17.6%
Community Based Juvenile Services	0	1,492,500	6,300,000	na
Other Aid to Local Govt	6,141,340	18,628,241	11,646,571	3.3%
Total-GF State Aid to Local Govt	674,622,322	1,058,483,563	1,410,271,464	3.8%
<b><u>CAPITAL CONSTRUCTION</u></b>	19,843,088	31,878,981	22,239,000	0.6%
<b><u>GENERAL FUND TOTAL</u></b>	1,885,810,146	3,180,850,777	4,411,690,837	4.3%

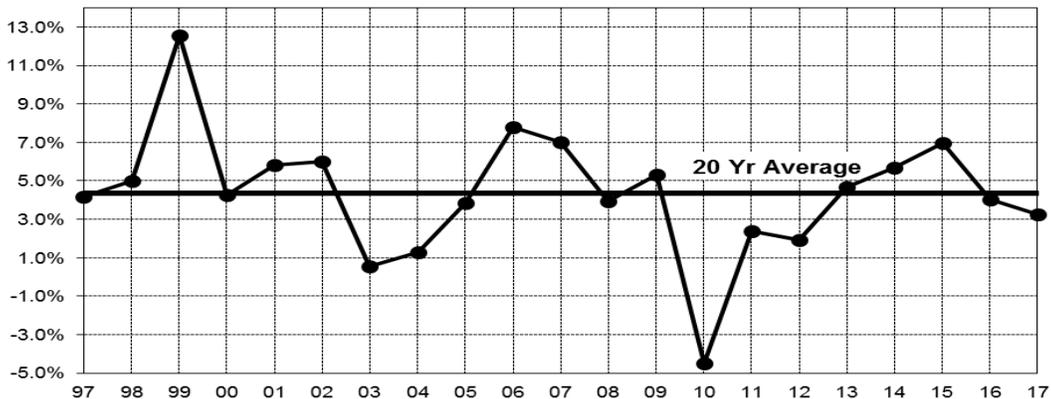
Table 15 Historical General Fund Appropriations

<i>Excludes Deficits</i>	Agency Operations	Aid to Ind/Other	Aid to Local Govt	Construction	Total	% Change
FY1995-96 Approp	725,857,466	410,620,962	652,868,725	20,831,107	1,810,178,260	5.3%
FY1996-97 Approp	750,780,005	440,564,731	674,622,322	19,843,088	1,885,810,146	4.2%
FY1997-98 Approp	781,597,662	461,238,934	695,680,295	41,250,742	1,979,767,633	5.0%
FY1998-99 Approp	818,104,542	489,445,789	860,034,724	60,994,066	2,228,579,121	12.6%
FY1999-00 Approp	877,214,679	523,395,392	868,657,713	54,676,163	2,323,943,947	4.3%
FY2000-01 Approp	928,262,744	598,336,773	885,742,858	46,446,858	2,458,789,233	5.8%
FY2001-02 Approp	989,205,923	646,333,088	944,027,473	27,384,852	2,606,951,336	6.0%
FY2002-03 Approp	1,003,728,744	647,793,727	951,729,511	18,044,257	2,621,296,239	0.6%
FY2003-04 Approp	999,655,261	705,616,238	929,503,078	20,515,031	2,655,289,608	1.3%
FY2004-05 Approp	1,018,017,210	785,572,536	935,446,662	19,046,316	2,758,082,724	3.9%
FY2005-06 Approp	1,079,894,592	850,904,771	1,018,289,225	23,350,481	2,972,439,069	7.8%
FY2006-07 Approp	1,151,463,639	938,524,594	1,058,983,563	31,878,981	3,180,850,777	7.0%
FY2007-08 Approp	1,172,764,317	978,026,675	1,146,759,149	8,150,822	3,305,700,963	3.9%
FY2008-09 Approp	1,221,557,978	1,015,815,632	1,236,048,810	8,238,322	3,481,660,742	5.3%
FY2009-10 Approp	1,210,527,988	880,256,943	1,220,339,540	14,172,233	3,325,296,704	-4.5%
FY2010-11 Approp	1,253,663,584	946,598,966	1,191,036,509	13,802,233	3,405,101,292	2.4%
FY2011-12 Approp	1,225,276,661	1,057,283,733	1,173,944,302	14,027,233	3,470,531,929	1.9%
FY2012-13 Approp	1,259,610,962	1,135,669,688	1,216,370,872	20,772,233	3,632,423,755	4.7%
FY2013-14 Approp	1,315,231,996	1,212,891,823	1,284,215,064	25,830,024	3,838,168,907	5.7%
FY2014-15 Approp	1,429,479,091	1,304,901,886	1,345,007,109	26,437,444	4,105,825,530	7.0%
FY2015-16 Enacted	1,521,595,794	1,348,844,879	1,374,980,396	26,382,800	4,271,803,869	4.0%
FY2016-17 Enacted	1,580,659,703	1,398,520,670	1,410,271,464	22,239,000	4,411,690,837	3.3%

Average Annual Growth

FY06 / FY07 Biennium	6.4%	9.3%	6.4%	29.4%	7.4%
FY08 / FY09 Biennium	3.0%	4.0%	8.0%	-49.2%	4.6%
FY10 / FY11 Biennium	1.3%	-3.5%	-1.8%	29.4%	-1.1%
FY12 / FY13 Biennium	0.2%	9.5%	1.1%	22.7%	3.3%
FY14 / FY15 Biennium	6.5%	7.2%	5.2%	12.8%	6.3%
FY16 / FY17 Biennium	5.2%	3.5%	2.4%	-8.3%	3.7%
Avg FY97 to FY07 (10 yr)	4.4%	7.9%	4.6%	4.9%	5.4%
Avg FY07 to FY17 (10 yr)	3.2%	4.1%	2.9%	-3.5%	3.3%
Avg FY97 to FY17 (20 yr)	3.8%	5.9%	3.8%	0.6%	4.3%

General Fund Budget Growth - Past 20 Years



# 2016 Session Budget Actions

Mid-biennium budget adjustments increase FY15-16 and FY16-17 General Fund new appropriations by a net total of \$4.2 million over the two year period. This equals .09% of the original two-year appropriation. A summary listing of 2016 General Fund budget adjustments is contained in Table 16 as shown below and the listed items accounts for 97% of the total budget adjustments. A complete listing of all items is include in Appendix A.

Of the \$14.4 million increase in FY16-17 appropriations, 78% or \$11.3 million was for the Dept. of Correctional Services

Table 16 General Fund Budget Adjustments - 2016 Session

	Budget Adjustments - 2016 Session		
	FY2015-16	FY2016-17	2 Yr total
<b>SIGNIFICANT INCREASES:</b>			
1 DHHS-Child Welfare, projected shortfall, FY16 and on-going base	transfer	15,000,000	15,000,000
2 DHHS-Develop disability, rate methodology waiver reimbursement	11,340,542	0	11,340,542
3 Corrections-Continuation of inmate county jail program	479,892	4,607,147	5,087,039
4 Corrections-Operations costs and equipment	1,774,997	2,839,925	4,614,922
5 Corrections-Inmate health service costs	2,058,700	2,525,012	4,583,712
6 Corrections-Inmate per diem costs (non-medical)	1,878,000	2,278,000	4,156,000
7 DHHS-Managed care enrollment broker	0	3,445,925	3,445,925
8 2016 Session A Bills	0	2,516,106	2,516,106
9 Corrections-Utility costs	1,161,507	1,207,968	2,369,475
10 DHHS-State Ward Permanency Pilot, costs and waiver reimburse	1,373,812	500,000	1,873,812
11 Revenue-Homestead Exemption (at current law)	600,000	1,200,000	1,800,000
12 Corrections-staff retention efforts	1,500,000	0	1,500,000
13 Attorney Gen-Ongoing water litigation costs	307,900	921,500	1,229,400
14 DHHS-Alleviate court ordered wait list, Lincoln Regional Center	0	1,061,232	1,061,232
15 State Claims	1,035,297	0	1,035,297
16 DHHS- Additional funds, federally qualified health centers	0	1,000,000	1,000,000
17 Community Colleges- Additional aid, one-time	0	1,000,000	1,000,000
18 Defined benefit retirement plans	0	903,239	903,239
19 Parole Board-Parolee treatment costs, staff training	0	700,000	700,000
20 DHHS-AccessNebraska call center funding	0	600,000	600,000
21 DHHS-Develop Disability aid, waiting list, replace waiver reimburse	500,000	0	500,000
22 Education- Adult education, job driven training/education	0	250,000	250,000
23 Education- Expanded Learning Opportunity Grant, onetime	0	250,000	250,000
24 Coord Comm- Increase, Access College Early Scholarship	0	250,000	250,000
25 Subtotal-Increases listed	26,510,647	40,556,054	67,066,701
<b>SIGNIFICANT REDUCTIONS:</b>			
26 DHHS-Medicaid, reduce excess appropriation	(20,000,000)	(10,000,000)	(30,000,000)
27 DHHS-Public Assistance, reduce excess appropriation	transfer	(5,000,000)	(5,000,000)
28 Education-TEEOSA state aid, to certified amount per current law	0	(4,089,432)	(4,089,432)
29 Corrections-Vacancy savings	(4,415,429)	(2,207,715)	(6,623,144)
30 DHHS-Higher FFY2017 federal FMAP	0	(4,674,690)	(4,674,690)
31 DHHS-Childrens Health Insurance, excess appropriation (one time)	(4,500,000)	0	(4,500,000)
32 Education-TEEOSA, insurance premium tax adjustment	(4,111,963)	0	(4,111,963)
23 Subtotal-Reductions listed	(33,027,392)	(25,971,837)	(58,999,229)
24 <b>ALL OTHER (Net)</b>	(109,537)	(149,060)	(258,597)
36 <b>GENERAL FUND NEW APPROPRIATIONS</b>	(6,626,282)	14,435,157	7,808,875

Table 17 General Fund Appropriations by Bill - 2016 Session

	Appropriation. FY2015-16	Appropriation FY2016-17	Estimated FY2017-18	Estimated FY2018-19
LB 400 Change financial interest statement filing	0	1,200	0	0
LB 465 Adopt the Electronic Notary Public Act	0	77,672	64,604	64,604
LB 467 Change provisions relating to State Patrol retirement	0	17,630	25,999	25,999
LB 505 Changes, criminal history record Information	0	30,000	0	0
LB 683 Change homestead exemptions, surviving spouses	0	0	38,100	43,600
LB 722 Stroke System of Care Act	0	74,646	84,492	84,492
LB 746 Nebraska Strengthening Families Act	0	0	190,000	190,000
LB 754 Commission on Military and Veteran Affairs	0	147,328	176,189	176,189
LB 756 Terminate the Nebraska long-term care savings plan	0	0	(22,162)	(44,323)
LB 774 Multiple sales tax exemption, income tax credits	0	144,534	33,080	33,080
LB 837 Premium taxes, Surplus Lines Insurance Act	0	0	24,000	24,000
LB 843 Change provisions relating to prostitution	0	0	122,563	122,563
LB 867 Changes, Admin Procedure Act, Correctional Services	0	43,623	87,244	0
LB 884 State sales tax turnback, Affordable Housing Tax Credit Act	0	0	329,097	25,746
LB 886 Volunteer Emergency Responders Incentive Act	0	55,601	0	0
LB 889 School Readiness Tax Credit Act	0	122,672	25,746	26,363
LB 919 Change provisions, problem solving court programs	0	191,200	249,950	249,950
LB 934 Changes, Office of the Public Guardian	0	535,000	535,000	535,000
LB 959 Change TEEOSA, minimum levy, QCPUF levy	0	0	8,578,526	8,578,526
LB 977 Multiple motor vehicle related changes	0	0	0	1,572,308
LB 1038 Change water appropriation application provisions	0	1,000,000	1,000,000	1,000,000
LB 1067 Change provisions relating to learning communities	0	0	13,458,373	15,752,888
LB 1083 Next Generation Business Growth Act	0	75,000	0	0
LB 1105 Craft Brewery Board, beverage regulations and licensure	0	0	5,000	0
Subtotal-"A" Bills	0	2,516,106	25,005,801	28,460,985
LB 956 Mainline Midbiennium adjustments	(7,661,579)	11,919,051	(5,390,826)	(5,163,204)
LB 981 State Claims	1,035,297	0	0	0
Total General Funds - 2014 Session	(6,626,282)	14,435,157	19,614,975	23,297,781

## Water Litigation Funding (Attorney General)

The budget adjustments included additional General Funds of \$307,900 for FY15-16 and \$921,500 for FY16-17 for the Attorney General’s Interstate Water Litigation Program. This funding will be used to address ongoing water litigation issues and arbitration arising from the Republican River Compact. Also several new class action suits have been brought and funding must be available to answer these new cases as well as the ongoing cases. The current appropriation for this program is \$200,000 in FY15-16 and no funding for FY16-17.

## TEEOSA School Aid (Education)

The 2016 budget adjustments modifies the budgeted TEEOSA aid amount to the level called for under the existing law for FY2016-17. In total this is \$1.4 million lower than the estimate at Sine Die last year and was included in the budget enacted at that time. Taking into consideration changes in the Insurance Premium funds the overall changes in General Funds are a reduction of \$4,111,964 in FY2015-16 and \$4,089,432 in FY2016-17.

The following table shows the total amounts for TEEOSA aid (under current law), the key data elements important in determining the total, and the dollar and percent changes.

	Actual FY2014-15	Actual FY2015-16	Current Law FY2016-17	Estimated FY2017-18	Estimated FY2018-19
<u>Key Assumptions</u>					
School Disbursements	2.7%	3.5%	3.8%	3.4%	4.0%
Gen Fund Operating Expenditures (GFOE)	2.6%	4.2%	3.9%	3.4%	4.0%
Property Valuations (assessed)	8.5%	11.8%	10.4%	5.3%	4.0%
Cost Growth Factor	4.00%	5.00%	5.00%	5.00%	5.00%
Local Effort Rate	\$1.0000	\$1.000	\$1.000	\$1.000	\$1.000
<u>TEEOSA Total by Fund Source</u>					
General Funds	913,571,842	946,539,661	952,153,581	1,004,137,776	1,061,166,945
Insurance Premium Tax	19,400,000	26,496,964	27,159,388	24,814,373	28,510,332
Total TEEOSA state aid	932,971,842	973,036,625	979,312,969	1,028,952,149	1,089,677,277
<u>General Funds - Change over Prior Year</u>					
Dollar	28,683,525	32,967,820	5,613,919	51,984,195	57,029,170
Percent	3.2%	3.6%	0.6%	5.5%	5.7%
<u>All Funds - Change over Prior Year</u>					
Dollar	26,390,511	40,064,784	6,276,343	49,639,180	60,725,129
Percent	2.9%	4.3%	0.6%	5.1%	5.9%

The following table shows the chronology of the TEEOSA estimates since Sine Die 2015. The amounts shown are total TEEOSA aid including amounts financed with General Funds and Insurance Premium Tax. Since Sine Die 2015 the estimates for the formula data elements and subsequent aid amount, have now been replaced with actual data that is utilized to certify the FY2016-17 TEEOSA state aid. This includes calculation of formula students, actual Annual Financial Report data which is the basis for calculating NEEDS and other receipts, and property valuations which is the basis for calculating yield from local effort rate.

There were three revisions in the TEEOSA number. The first revision was made at the statutory joint meeting where the Department of Education (NDE), the Property Tax

Administrator, the Legislative Fiscal Analyst, and the budget division of DAS are to provide an estimate for the upcoming year. This was the estimate used in the Governors recommendation.

The second changes occurred with the development of the NDE calculation of aid under the current law in January 2016. This led to the certification of FY2016-17 aid in February 2016.

The third change occurred by incorporating the impact of legislation enacted in the 2016 legislative session. These changes only affected FY2017-18 and beyond.

**LB 959** eliminated the levy criteria used in the averaging adjustment in the formula beginning in FY2017-18. The averaging adjustment increases needs for districts with 900 or more formula students whose basic funding per student is less than an averaging adjustment threshold. Elimination of the averaging adjustment levy criteria affects the aid of three districts and results in an estimated increase in state aid of \$324,569 in FY18. The bill also eliminated the minimum levy adjustment. This adjustment reduced aid for any school with a general fund levy that is less than \$.95. The elimination of the adjustment increases state aid by an estimated \$8,253,957 in FY18.

**LB 1067** made several changes to provision affecting the learning community, which includes eleven school districts in Douglas and Sarpy counties. The bill repeals the common levy and special building fund levy authorized for school districts in the learning community. The calculation of state aid to schools (TEEOSA) on a collective basis for school districts in the learning community is eliminated. The TEEOSA formula is modified to include community achievement plan aid and learning community transition aid. Also the calculation of net option funding and allocated income taxes in the formula is changed as well as other changes noted below.

- **Repeal of Common Levy:** The bill repeals the common \$.95 levy for school districts which are members of a learning community effective July 1, 2017. Proceeds from the common levy are currently allocated among member districts proportionally based upon the difference of the district's formula need less the sum of state aid and other actual receipts. The repeal allows each district to levy an individual levy and receive the amount of property taxes collected per the valuation of the district.
- **Repeal of Special Building Fund Levy:** LB 1067 also repeals the authorization for a special building funds levy for the learning community on July 1, 2017. The levy is a maximum of \$.02 and would generate about \$10.4 million based upon 2015 valuations. Taxes received from the levy are distributed proportionately to member school districts based on formula students. The learning community schools did not utilize the levy in 2015.
- **Repeal of Shared Aid in the Learning Community:** Under prior law, state aid for the eleven school districts in Sarpy/Douglas counties in the learning community is calculated collectively. The combined formula needs of all the districts in the learning community are compared to the combined formula resources of all districts in the learning community to determine the amount of equalization aid for the school districts in the learning community. Each school district receives a proportional share

of equalization aid based upon its share of total formula needs. Beginning in FY2017-18, the repeal of the pooling concept for state aid for the learning community will increase state aid to schools by about \$4.9 million.

- **Community Achievement Plan Aid:** LB 1067 adds community achievement plan aid in the TEEOSA formula for districts which are members of the learning community beginning in FY2017-18. The aid is equal to .4643% of the statewide average general fund operating expenditures per formula student taken times the total formula students for schools in the learning community. The estimated amount of community plan aid for districts in the learning community is \$5.7 million in FY18, \$6 million in FY19 and \$6.2 million in FY20. The aid is divided proportionately among the districts based on the sum of: 2% of the poverty allowance; 2% of the limited English proficiency allowance; and, for districts with greater than 40% poverty students, an amount equal to the statewide average general fund operating expenditures per formula student times 3% and then multiplied by the difference of the poverty students minus 40% of the formula students. The aid is included as an adjustment for the first two fiscal years of the achievement plan and thereafter the adjustment becomes an allowance in the formula. The aid is considered to be a resource for state aid purposes.
- **Learning Community Transition Aid:** Several school districts which are members of the learning community will receive learning community transition aid in FY2017-18 and FY2018-19. The aid calculation required by the bill is phased-in over the two year period at 50% in the first year and 25% in the second year. Learning community transition aid is not a resource for state aid purposes. LB 1067 provides that learning community transition aid will be paid with funds from the Nebraska Education Improvement Fund (lottery). It is estimated transition aid will total \$1.1 million in FY18 and \$567,000 in FY19.
- **Conversion of Open Enrollment Students to Option Students in the Learning Community:** The bill provides that students in the learning community who are enrolled outside their resident district through the open enrollment program will become option enrollment students in FY18. The change increases the amount of funding required for the net option program. The increase in funding for the net option program reduces the amount of funds that can be allocated as allocated income taxes. An increase in aid for option students results in a decrease in allocated income taxes for all school districts in the state. The interaction of these two components of the formula reduces overall aid by about \$4.7 million per year.
- **Eliminate the Cap on Net Option/Allocated Income Taxes and Change the Income Tax Rebate:** LB 1067 eliminates the \$102 million cap on the total amount of net option and allocated income taxes components of the formula and provides for allocated income taxes for a district to be 2.23% of the income tax liability of a district. This change alleviates the reduction in allocated income taxes for districts in the state that results if the cap is maintained. The allocation percentage allows the amount of allocated income taxes in the formula to change each year in the future. The estimated impact of the change is \$7.5 million in FY18 and \$9.6 million in FY19
- **Required Transportation for Open Enrollment Students:** The bill requires option school districts to continue to provide free transportation for a student in the open

enrollment program until the student leaves the school building. At some point in the future, as students currently enrolled in the open enrollment program graduate or move to different school buildings, transportation for schools in the learning community will be reduced. Transportation costs for open enrollment students are estimated to total about \$4.6 million beginning in FY17. Any changes in school spending impact state aid distributed two years later so decreased transportation expenditures by learning community schools may impact state aid beginning in FY19.

	All Funds FY2015-16	All Funds FY2016-17	All Funds FY2017-18	All Funds FY2018-19
<b>Sine Die 2015 (also Feb 2015 Certified)</b>	<b>973,036,625</b>	<b>980,687,639</b>	<b>1,026,924,781</b>	<b>1,080,485,899</b>
Valuation, 2015 from 9.02% to 10.43% DPAT certified	0	(14,048,976)	(13,506,727)	(14,046,676)
Valuation; 2016 (4.0% to 5.29% DPAT est)	0	0	(5,919,889)	(6,141,627)
Spending growth: FY16 4.0% to 3.35% (first budget to budget)	0	0	(15,915,062)	(16,551,664)
Student Growth Adjustment	0	(8,026,888)	(8,347,964)	(8,681,883)
New School Adjustment	0	5,398,066	5,613,989	5,838,548
Formula NEEDS Stabilization	0	900,563	(1,274,811)	(1,325,803)
Change in LC gain / loss as part of reallocation	0	(768,045)	(1,054,953)	(1,054,953)
Non Equalized Min Levy Adjust	0	0	569,701	569,701
Change - Oct 2015 Joint Meeting	0	(16,545,280)	(39,835,716)	(41,394,357)
<b>Oct 2015 Joint Meeting</b>	<b>973,036,625</b>	<b>964,142,359</b>	<b>987,089,065</b>	<b>1,039,091,542</b>
Actual FY15 AFR, Higher GFOE	0	21,896,390	22,629,919	23,535,115
Actual FY15 AFR, Lower other GFOE adjustments	0	(999,285)	(1,032,761)	(1,074,072)
Change in NEEDS gained or lost in basic funding calculation	0	(4,056,088)	(1,497,285)	(1,557,176)
Revised Student Growth Adjustment	0	2,528,364	2,613,064	2,717,587
Averaging Adjustment	0	1,613,368	4,576,974	4,760,053
Formula NEEDS Stabilization	0	3,556,644	1,334,456	1,387,834
All Other NEEDS changes	0	1,004,174	1,037,816	1,079,330
Lower effective Yield from Local Effort Rate	0	88,822,603	88,998,851	92,558,758
Higher Minimum Levy Adjustment	0	(98,197,132)	(98,197,132)	(98,197,133)
Actual FY15 AFR, higher Other Receipts	0	(844,717)	(446,526)	(337,092)
Change in LC gain / loss as part of reallocation	0	273,191	506,711	506,711
Non Equalized Min Levy Adjust	0	(426,902)	(697,901)	(697,901)
Total Change - NDE Jan 15, 2016	0	15,170,610	19,826,186	24,682,014
<b>NDE Feb 2016 Certified</b>	<b>973,036,625</b>	<b>979,312,969</b>	<b>1,006,915,251</b>	<b>1,063,773,556</b>
LB 959 -Averaging adjustment, eliminate levy criteria	0	0	324,569	324,569
LB 959 - Eliminate minimum levy adjustment	0	0	8,253,956	8,253,956
LB 1067 - Eliminate LC common levy & LC aid calculation	0	0	4,936,060	4,936,060
LB 1067 - Comm achievement plan - 2% poverty+LEP and 3% poverty	0	0	5,739,338	5,968,912
LB 1067 - LC schools, open enrollment to net option	0	0	(4,736,506)	(4,736,506)
LB 1067 - Remove \$102M cap, rebate to 2.23% of liability	0	0	7,519,481	9,584,422
LB 977 - Divert MV tax to title system, impact on "other receipts"	0	0	0	1,572,308
LB 837 - Premium taxes, Surplus Lines Insurance Act	0	0	0	0
Total Change - Bills Enacted (2016)	0	0	22,036,898	25,903,721
<b>Sine Die 2016</b>	<b>973,036,625</b>	<b>979,312,968</b>	<b>1,028,952,149</b>	<b>1,089,677,277</b>
<u>Change Since Sine Die 2015</u>				
Oct 2015 Joint Meeting	0	(16,545,280)	(39,835,716)	(41,394,357)
NDE Feb 2016 Certified	0	15,170,610	19,826,186	24,682,014
2016 Bills	0	0	22,036,898	25,903,721
Change in TEEOSA (all Funds)	0	(1,374,670)	2,027,368	9,191,378
Change in Insurance Premium Tax	(4,111,964)	(2,714,763)	241,368	(2,828,198)
Change in TEEOSA (General Funds)	(4,111,964)	(4,089,433)	2,268,736	6,363,180

## **Adult education, job driven training & education (Education)**

A one-time appropriation of \$250,000 General Funds is included in FY2016-17 for the adult education program in the State Department of Education to implement job-driven training and education components of the federal Workforce Innovation and Opportunity Act, including but not limited to, college and career readiness initiatives and curriculum alignment, support of partnerships with American Job Centers, staff development, instructional capacity, outreach and technology. This item was originally contained in LB 800 but at a \$1.5 million on-going level.

## **Expanded Learning Opportunity Grants (Education)**

The budget adjustments include a one-time appropriation of \$250,000 of General Funds in FY2016-17 to the State Department of Education as state aid for expanded learning opportunity programs. The Expanded Learning Opportunity Grant Program was established in 2015. Lottery funds are to be allocated for these programs beginning in FY2016-17. It is estimated about \$162,000 of lottery funds will be available in FY17. The general fund appropriation will supplement lottery funds to provide grants for such programs. This item was originally contained in LB 1074 but at a \$1 million on-going level.

## **Parolee treatment costs and staff training (Parole Board)**

The Dept of Correctional Services (DCS) requested funds to provide services to parolees with substance use disorder needs. In July 2015 DCS was notified that Probation Administration would no longer provide parolees with any services unless DCS paid for these services directly. Services previously provided by State Probation included substance abuse supervision (SSAS) and access to Probation's Day Reporting Centers. This includes parolees participating in cognitive behavioral classes on a variety of issues to include criminal thinking/attitudes, parenting, relationships, domestic violence, and continuous alcohol monitoring (CAM). The estimated cost to provide these services to parolees is \$600,000 in FY2016-17. Last year, the Supreme Court had requested funds to continue to provide these services to parolees but the request was not funded.

The budget adjustments also include \$100,000 in FY17 for parole staff training. Justice Reinvestment and Laws 2015, LB605, requires parole staff to be trained. Although parole staff will be trained on other items, the request relates to the cost for Effective Practices in Community Supervision (EPICS) training. At this time, DCS is planning to contract for EPICS training. This was recommended by the Council of State Governments after implementation of the risk/needs tool. DCS will train staff to be trainers who in turn will train parole staff.

LB598 passed in 2015 moved Adult Parole Administration from the Department of Correctional Services to the Board of Parole starting in FY2016-17 therefore although requested by DCS, these additional amounts are added to the Parole Board budget.

## **Homestead Exemption (Revenue)**

In the 2015 legislative session, funding for homestead exemption reimbursement was estimated and budgeted at \$71.0 million for FY2015-16 and \$71.3 million for FY2016-17. Actual tax losses certified by the counties for the current fiscal year (FY2015-16) total

\$71,588,956 requiring additional funding of \$600,000. Because the FY2015-16 amount was increased, the Department of Revenue has increased their FY2016-17 estimate of funding needs by \$1,200,000.

## **Developmental Disability aid, waiver reimbursement (DHHS)**

The Centers for Medicare & Medicaid Services (CMS) did not approve the state's request to amend the waiver for services for adults with developmental disabilities until July 7, 2015. The amendment allows a new rate methodology to go into effect. DHHS paid the new higher methodology rates beginning in FY2014-15. Since the federal government did not approve the waiver until FY2015-2016, the state will have to pay the federal government back its share of funds that were reimbursed for services which amounts to about \$13.8 million in FY15 and \$5.8 million in FY16. Existing general funds cover some of the payback, but an additional \$11.3 million of General Funds was provided to cover all current year obligations for developmental disability services.

## **Managed care enrollment broker (DHHS)**

The managed care enrollment broker contract will provide services to Medicaid members enrolling in a managed care plan. The broker provides a web application and offers a call center to assist Medicaid members in plan selection, primary care provider selection and assists members with disenrollment and changing of plans. The enrollment broker provides real time data exchange with the Medicaid eligibility system and the managed care companies. The enrollment broker is responsible for providing counseling services, auto-enrolling members if a plan is not selected, capitation payment work and providing information on managed care plans and health care providers.

Managed care enrollment services are a federal requirement. Recent policy changes have necessitated the need for increased automation and online services around this function. The information system components match rates range from 75% to 90%. The ongoing operations is reimbursable at 50% match rate. Currently, only 33% of Medicaid members are selecting a managed health care plan utilizing the current enrollment broker contract. Enrollment support services are provided by telephone only. The new contract will provide additional methods to enroll such as online.

## **Court Ordered Commitment Wait List, Lincoln Regional Center (DHHS)**

An additional \$1,061,232 General Funds is provided in FY2016-17 to address the waiting list of persons ordered by the court to be committed to the Lincoln Regional Center (LRC). Individuals are court-ordered to LRC for competency evaluations, competency restoration and when found not responsible by reason of insanity.

The court ordered wait list for commitments to the LRC began increasing in calendar year 2014. DHHS met with the Court Administrator to identify strategies to decrease the court ordered wait list which reached 24 individuals. Though the efforts of both agencies the wait list has been reduced to as low as two people and six persons were waiting as of the first Monday in December. In order to accommodate court orders, DHHS has had to limit mental

health board commitments and has shifted some patients and staff from the forensic building to the other two buildings providing psychiatric inpatient treatment or sex offender treatment for males and one building providing treatment for female adolescents.

The shift of twenty persons and staff into the other buildings allowed DHHS to remodel a floor of the forensic building. The floor is now ready to open if the additional staff (11.0 Mental Health Security Specialists, 3.0 Registered Nurses) are funded pursuant to this request. The request increases the number of beds at the LRC that are staffed from 220 to 240.

## **State Ward Permanency Pilot, costs and waiver (DHHS)**

The Legislature included \$3 million (\$1.5 million GF, \$1.5 million FF) beginning in FY2014-15 for a State Ward Permanency Pilot Project to provide developmental disability services to state wards in order to provide supports which promote permanency. The funding was continued in each year of the current biennium.

Individuals in the State Ward Permanency Pilot Project were administratively enrolled into the Medicaid DD children's waiver. The enrollment of these individuals, who were not on the waiting list for services, inadvertently created a prioritized class that is not in compliance with the waiver. Noncompliance with the waiver means the state will have to reimburse \$965,928 of federal funds paid for services per this project.

The Division of Developmental Disabilities also needed an additional \$450,000 of General Funds to cover the cost of services to individuals currently being served through the State Ward Permanency Pilot Project. Forty youth have participated in the project since its inception on July 1, 2014. Twenty youth are still active in the project. The other twenty have achieved permanency by reaching the age of majority (7), reunification with their family (7), guardianship (4) or transfer to another agency (2 - probation).

The budget includes \$1.37 million General Funds in FY15-16 to reimburse federal funds and to continue the pilot project as a state-only program. An additional \$500,000 is included in FY16-17 to increase the base appropriation for the project to \$2 million. This assumes federal funds will be claimed for the project in FY17.

## **Increased aid, federally qualified health center (DHHS)**

An additional one-time appropriation of \$1 million General Funds was included in FY 2015-16 for Federally Qualified Health Clinics (FQHCs). The funds will be distributed equally to the seven FQHCs. Each will receive \$142,857. LB923 referred to the Appropriations Committee had called for a \$5 million increase.

## **Reduced Medicaid Match Rate (DHHS)**

The current biennial budget enacted last session, was based on a federal medical assistance percentage (FMAP) of 51.16% rate for FFY2016 and an estimated FMAP of 51.57% starting October 2016 (FFY2017). It is now known that the FFY2017 FMAP will be 51.85% or .28% higher than estimated last session. These higher federal match rates result in a lower state match and reduced General Fund appropriations. The FMAP affects multiple program as shown below.

Program	Type	FY2015-16	FY2016-17
33 Developmental disability service coordination	Oper	0	(27,953)
344 Childrens Health Insurance (SCHIP)	Aid		(206,368)
348 Medicaid	Aid	0	(3,823,431)
354 Child Welfare	Aid	0	(54,813)
365 Mental Health operations	Oper	0	(6,506)
421 Beatrice State Develop Center (BSDC)	Oper	0	(62,695)
424 Developmental disability aid	Aid	0	(492,924)
Total GF impact of FMAP change		0	(4,674,690)

## Reductions and Shifts - DHHS Aid Programs

For the various aid programs under DHHS, an evaluation was made of current year expenditure levels based on year-to-date expenditures through January and estimates for the remaining five months. Based on this evaluation, the enacted budget adjustments include reductions in several areas where excess appropriations are indicated and one instance where current funding is insufficient to cover estimated spending levels.

In the behavioral health program, funds were reappropriated in anticipation that the state would be assessed a penalty because funds were transferred to the Medicaid program from the behavioral health program beginning in FY2014-15 to provide a match for the Medicaid Rehabilitation Option. The agency was able to provide proof of material compliance to the federal partner by including behavioral health expenditure data that was spent from the Medicaid program and the federal government will not assess a maintenance of effort penalty, thus the reappropriations were reduced as shown in the table below.

For Medicaid, and Children's Health Insurance (SCHIP) program, the unexpended balances from the prior biennium were reappropriated to FY2015-16 as a contingency against higher expenditures. With four months left in this fiscal year it was determined that expenditure patterns did not warrant retention of all the reappropriated balances resulting in the lapse amounts shown in the table on the following page.

Also for Public Assistance, Medicaid and Children's Health Insurance (SCHIP), an evaluation of current year expenditure levels based on year-to-date expenditures and an estimate of the remaining five months, shows an excess when compared to the new appropriations. For Medicaid, this allows for a reduction in the current year as well as a base reduction for FY2016-17. For SCHIP, this allows for a reduction in the current year but only a one-time reduction and no change in the FY2016-17 level. For Public Assistance, there was no base reduction in the FY2015-16 base level but an authorization to transfer up to \$10 million to Child Welfare as needed. However there was a \$5 million base reduction in the FY2016-17 appropriation.

The outlook in the Child Welfare program is the opposite of the other programs. FY2015-16 spending is estimated at \$162.6 million with only \$156.1 million of available funds (\$142.5 million of new appropriations plus \$13.5 million of reappropriated prior year unexpended funds). Allowing for encumbrances, the program is short \$10 million in FY2015-16. In FY2016-17 the new appropriation amount is \$144 million with no reappropriations anticipated

to be available. If expenditure levels continue at the \$162 million level, another significant shortfall would occur. To address the FY15-16 shortfall, DHHS was given the authority to transfer up to \$10 million from the Public Assistance program. In FY16-17, an additional \$15 million General Funds was included, again basically a shift of excess amounts from Public Assistance and Medicaid. While these adjustments help resolve the short term problems of this program, more review and analysis is necessary as the next biennial budget is developed.

	Reduce Reappropriations	Reduce FY16 New Approp.	Reduce FY17 New Approp.	Total
<b><u>Lapse Reappropriation</u></b>				
Behavioral Health aid (Prog 38)	(3,000,000)	0	0	(3,000,000)
Childrens Health Insurance (Prog 344)	(11,146,819)	0	0	(11,146,819)
Medicaid (Prog 348)	(84,774,997)	0	0	(84,774,997)
Total - Lapse Reappropriations	(98,921,816)	0	0	(98,921,816)
<b><u>Reduce New Appropriation</u></b>				
Childrens Health Insurance (Prog 344)	0	(4,500,000)	0	(4,500,000)
Public Assistance aid (Prog 347)	0	**	(5,000,000)	(5,000,000)
Medicaid (Prog 348)	0	(20,000,000)	(10,000,000)	(30,000,000)
Total - Reduce New Appropriations	0	(24,500,000)	(15,000,000)	(39,500,000)
<b><u>Increased New Appropriation</u></b>				
Child Welfare (Prog 354)	0	**	15,000,000	15,000,000
<b><u>Net Change</u></b>	<b>(98,921,816)</b>	<b>(24,500,000)</b>	<b>0</b>	<b>(123,421,816)</b>

\*\* Authority to transfer up to \$10 million from Public Assistance to Child Welfare.

## Department of Correctional Services Operations Items

The Department of Correctional Services (DCS) submitted significant requests for additional funding for a variety of purposes and funded as shown in the following table.

Correctional Services Operations Items	FY2015-16	FY2016-17	Total
Inmate health service costs	2,058,700	2,525,012	4,583,712
Inmate per diem costs (non-medical)	1,878,000	2,278,000	4,156,000
Operations costs and equipment	1,774,997	2,839,925	4,614,922
Utility costs	1,161,507	1,207,968	2,369,475
Vacancy savings	(4,415,429)	(2,207,715)	(6,623,144)
Continuation of inmate county jail program	479,892	4,607,147	5,087,039
Staff recruitment and retention (LB733)	1,500,000	0	1,500,000
Tecumseh Correctional Institution, repair and restoration	NCCF	0	0
New 160 bed unit - Community Corrections Center-Lincoln	NCCF	0	0
Program Statement - Reception and Treatment Center	NCCF	0	0
Total General Funds - DCS Operations Items	4,437,667	11,250,337	15,688,004

### ***Inmate health service costs***

DCS has also experienced continued rising medical costs. While part of the increased costs are attributable to the increase in the number of inmates during this time period, the cost of medical care has significantly increased as well including drug costs, specifically hepatitis C

treatment. A significant increase in funding was provided last session, largely driven by the hepatitis C issue, the amount funded was only 60% of the requested level.

### ***Inmate per diem costs (non-medical)***

DCS states that the number of inmates incarcerated has increased. With an increased inmate population, certain expenses are directly impacted, such as food, institutional supplies, laundry, and inmate property. Not only have costs increased due to the inmate population, the cost of these goods have increased as well; the average cost per inmate has increased from \$2,363 in FY13-14 to \$3,293 in FY2014-15. Increases were provided during the 2015 legislative session, \$1,061,343 in FY16 and an additional \$491,301 in FY17, but at an inadequate level.

### ***Operations costs and equipment***

DCS requested funding for communications and information services expense, equipment replacement, electronic monitoring of community inmates, and training as shown below:

- Communications and information services expense: \$1,710,747 in both FY16 and FY17. This item is for expenses related to communications, printing, data processing, and contractual services for the OCIO related to application development and programming. DCS states that it relies on technology for staff to carry out their job responsibilities.
- Equipment replacement: \$1,064,928 in FY17. DCS states that the current equipment replacement budget of \$1.25 million for 10 facilities is insufficient to replace equipment, such as kitchen equipment, security equipment, computers, and printers.
- Electronic monitoring of community inmates: \$64,250 in both FY16 and FY17. DCS provides for electronic monitoring of community inmates who are unable to pay for this expense. Currently, there is not a budget for this item.

### ***Utility Costs***

DCS requested funding for the estimated utility expenses that will exceed the budget. DCS estimated the shortfall by using actual expenses for July through September and then annualizing the costs through the fiscal year. In the 2015 Session, DCS received deficit funding of \$1,262,875 for utilities but annualized into FY15-16 and FY16-17 at a much lower level, \$213,242 in FY16 and \$223,904 in FY17.

### ***Vacancy savings***

Vacancy savings basically reflects the salary and benefits of a budgeted position from the time a position becomes vacant until a new hire completes pre-service training and is assigned to his/her post at the institution. DCS states that it has 2,421 authorized FTE, of which 1,423 are custody/unit management staff, and a turnover rate of 23% in FY15. Vacancy savings amounts for Program 200 has averaged \$4.2 million over the last five years.

Historically, vacancy savings have been used to manage expenditures exceeding the budget in the areas where DCS is requesting a deficit this year, such as health services, information services and communications, utility expenses, inmate per diem, and other operational costs.

Vacancy savings have also been used to address critical security and infrastructure projects that an institution's budget could not manage, such as emergency generators, security systems, sewer lines, and security fencing

For the current fiscal year (FY15-16) DCS estimates vacancy savings to be approximately \$4.4 million and is available to offset the other issues as noted above.

In order to reduce mandatory overtime for custody and unit staff, DCS has implemented targeted recruitment strategies focusing on entry-level correctional positions in the institutions. Based on these efforts, DCS estimates vacancy savings to decrease to \$2.2 million for FY17.

### ***Continuation of inmate county jail program***

The County Jail Program started in 2014 when DCS received \$723,604 in FY13-14, and \$4,226,625 in FY14-15. Last year, DCS received a deficit of \$263,315 for FY15, bringing the total for FY14-15 to \$4,489,940. Also in the 2015 session, DCS received \$5,000,000 in FY15-16 for this program. No funding was provided for FY16-17 but intent language was included that DCS may request FY16-17 funding if the need to contract with county jail facilities to house department facilities inmates still exists.

During FY2014-15 DCS housed an average of 160 inmates in county jails. This represents inmates who otherwise would be housed in DCS facilities, including the Diagnostic and Evaluation Center (D&E) and is the equivalent of another housing unit. As of October 19, 2015, DCS was at 158% of design capacity, and D&E was at 237% of design capacity; these percentages exclude inmates housed in county jails. Without the county jail program, DCS would be at 163.4% of design capacity. DCS currently houses inmates at the following county jails: Hall, Platte, Phelps, Dawson, Buffalo, Saline, and Lincoln.

DCS requested a deficit appropriation of \$479,892 for FY15-16 related to the higher inmate rate charged by the Hall County jail compared to other county jails bringing the total program cost up to \$5,479,892.

DCS also requested \$4,607,147 to continue the program through FY2016-17. The lower amount in FY17 is based upon projections in LB605 intended to reduce incarcerations. DCS is currently analyzing and reviewing other options but states that a minimum of one year continued funding for this program is required to safely manage its prisons.

### ***Staff retention (LB733)***

The budget includes \$1.5 million General Funds (FY2015-16 only) to be used for strategies to retain quality staff. At least \$150,000 of this appropriation shall be used in the retention of staff within the Division of Health Services. DCS shall provide quarterly reports to the Governor and the Legislature regarding use of the appropriation that include how the funds are being utilized, the impact of the use of the funds on retention of quality staff, staff vacancy and turnover data, and plans for the future use of the funds. The second quarterly report shall include a plan by the department for the use of a similar appropriation in future fiscal years.

## University of Nebraska and State College Construction Projects

LB605, enacted in 2006, provided for a series of General Fund appropriations beginning with FY2006-07 and continuing through FY2019-20 subject to reaffirmation by the Legislature each biennium to support various deferred maintenance, repair, renovation, and facility replacement construction projects for the University of Nebraska and the Nebraska State College System. LB605 [2006] also provided for University and State College institutional matching funds derived from tuition and fee revenue to supplement the General Fund appropriations for the projects over the time period. The annual General Fund appropriations amounted to \$1,125,000 for the State Colleges and \$11,000,000 for the University of Nebraska (after the first several years at \$5,500,000). As noted, these annual appropriations are scheduled to expire at the end of FY2019-20.

New bills were introduced this session related to University and State College capital construction. LB858 proposed to extend and double the annual General Fund amount currently allocated to the University of Nebraska under the provisions of LB605 (2006). LB755 appropriated funds for three State College projects.

In lieu of either LB858 or LB755, the budget as enacted basically extends the current LB605 related series of General Fund appropriations (\$1,125,000 for the State Colleges and \$11,000,000 for the University of Nebraska) beyond FY2019-20 through FY2029-30 in order to facilitate additional University of Nebraska and Nebraska State College System deferred maintenance, repair, renovation and facility replacement projects. Provisions for University and State College institutional matching funds from tuition and fee revenue to supplement General Fund appropriations are also extended to FY2029-30 as well. These projects include:

University of Nebraska: Deferred maintenance, repair, renovation and facility replacement projects relating to:

- UNL - Scott Engineering Center
- UNL - Nebraska Hall
- UNL - Mabel Lee Hall/Henzlik Hall
- UNMC - Wittson Hall - Phase I
- UNMC - Joseph D. & Millie E. Williams Science Hall (College of Pharmacy)
- UNO - Renovation of a privately funded acquisition
- UNO - Strauss Performing Arts Center
- UNO - Arts and Sciences Hall
- UNK - Otto C. Olsen Building

Nebraska State College System:

- Chadron - Replacement of or deferred maintenance, repair & renovation of the stadium
- Peru - Addition to & deferred maintenance, repair, & renovation of Theatre/Event Center
- Wayne - Construct facility to replace Benthack Hall applied technology program space

## Veterinary Diagnostic Center, Lower Cost (University of Nebraska),

In the 2012 session, funding was provided for the design and construction of a Veterinary Diagnostic Center at the University of Nebraska Institute of Agriculture and Natural Resources to be financed with annual payments from FY2013-14 through FY2023-24. A favorable construction bid allows for a General Fund savings in future years' totaling \$17.7 million as shown below:

	Budgeted	Latest Est	Savings
2013-14	5,101,000	5,101,000	0
2014-15	5,101,000	5,101,000	0
2015-16	0	0	0
2016-17	5,101,000	5,101,000	0
2017-18	5,101,000	5,101,000	0
2018-19	5,101,000	5,101,000	0
2019-20	5,101,000	5,101,000	0
2020-21	5,101,000	2,734,000	(2,367,000)
2021-22	5,101,000	0	(5,101,000)
2022-23	5,101,000	0	(5,101,000)
2023-24	5,101,000	0	(5,101,000)
Total	40,808,000	23,138,000	(17,670,000)

## Increase in aid, one-time (Community Colleges)

LB852 as originally referred to the Appropriations Committee, proposed to increase the FY2016-17 General Fund appropriation for Aid to Community Colleges by \$6,000,000 annually. The existing 2016-17 General Fund appropriation for the related state aid program is \$100,828,308. The enacted budget included an additional \$1,000,000 but only as a one-time item in FY2015-16.

**Total  
Appropriations  
All Funds**

# Total Appropriations - All Funds

Table 18 shows the total appropriation from all fund sources as enacted in the 2015 legislative session with budget adjustments enacted in the 2016 session.

While this report provides a narrative description of the major changes enacted during the 2014 Session, the reader should refer to the 2013 Biennial Budget Report for a more detailed description of the budget actions taken in that session for the initial enactment of the FY14 / FY15 biennial budget.

Table 18 Total Appropriations - All Funds

<b>FY2014-15</b>	General	Cash	Federal	Rev/Other	Total
<b>Adjusted Per 2014 Session</b>	4,105,825,530	2,146,231,964	2,920,649,443	845,665,312	10,018,372,249
2015 Session Deficits	9,014,224	10,032,059	(25,000,000)	180,000	(5,773,717)
2015 Session State Claims	2,210,995	190,000	0	303,750	2,704,745
2015 Session "A" bills	0	0	0	0	0
<b>Final Total - 2015 Session</b>	<u>4,117,050,749</u>	<u>2,156,454,023</u>	<u>2,895,649,443</u>	<u>846,149,062</u>	<u>10,015,303,277</u>
<b>FY2015-16</b>	General	Cash	Federal	Rev/Other	Total
<b>Total Per 2015 Session</b>	4,271,803,869	2,293,125,964	2,974,745,612	871,770,089	10,411,445,534
2016 Session-Committee Proposed	(10,161,579)	19,272,028	0	3,545,215	12,655,664
2016 Session State Claims	1,035,297	884,675	0	790,000	2,709,972
2016 Session Floor Actions	2,500,000	0	0	0	2,500,000
2016 Session Vetoes	0	0	0	0	0
2016 Session Overrides	0	0	0	0	0
2016 Session "A" bills	0	(1,070,000)	0	0	(1,070,000)
<i>2016 Deficits</i>	<u>(6,626,282)</u>	<u>19,086,703</u>	<u>0</u>	<u>4,335,215</u>	<u>16,795,636</u>
<b>Final Total - 2016 Session</b>	<u>4,265,177,587</u>	<u>2,312,212,667</u>	<u>2,974,745,612</u>	<u>876,105,304</u>	<u>10,428,241,170</u>
Change over prior year (without deficits)					
Dollar	165,978,339	146,894,000	54,096,169	26,104,777	393,073,285
Percent	4.0%	6.8%	1.9%	3.1%	3.9%
<b>FY2016-17</b>	General	Cash	Federal	Rev/Other	Total
<b>Total Per 2015 Session</b>	4,397,255,680	2,256,953,781	3,029,560,219	861,057,632	10,544,827,312
2016 Session-Committee Proposed	14,419,051	20,846,703	(3,312,718)	7,898,022	39,851,058
2016 Session Floor Actions	(2,500,000)	0	0	0	(2,500,000)
2016 Session Vetoes	0	0	0	0	0
2016 Session Overrides	0	0	0	0	0
2016 Session "A" bills	2,516,106	2,979,783	29,317	158,472	5,683,678
<i>2016 Session Midbiennium Actions</i>	<u>14,435,157</u>	<u>23,826,486</u>	<u>(3,283,401)</u>	<u>8,056,494</u>	<u>43,034,736</u>
<b>Total Per 2016 Session</b>	<u>4,411,690,837</u>	<u>2,280,780,267</u>	<u>3,026,276,818</u>	<u>869,114,126</u>	<u>10,587,862,048</u>
Change over prior year (without deficits)					
Dollar	139,886,968	(12,345,697)	51,531,206	(2,655,963)	176,416,514
Percent	3.3%	-0.5%	1.7%	-0.3%	1.7%

Table 19 Listing of 2016 Session “A” Bills

Description	Fund	Approp FY2015-16	Approp. FY2016-17	Estimated FY2017-18	Estimated FY2018-19
LB 400 Change financial interest statement filing	General	0	1,200	0	0
LB 447 Changes, Class V School Employees Retirement Act	Cash	0	175,000	25,000	25,000
LB 465 Adopt the Electronic Notary Public Act	General	0	77,672	64,604	64,604
LB 467 Changes, State Patrol retirement	General	0	17,630	25,999	25,999
LB 467 Changes, State Patrol retirement	Cash	0	83,041	8,666	8,666
LB 474 Mountain Lion Protection Plates	Cash	0	9,344	0	0
LB 505 Changes, criminal history record Information	General	0	30,000	0	0
LB 505 Changes, criminal history record Information	Cash	0	54,000	0	0
LB 680 Change requirements for pharmacy technicians	Cash	0	23,177	26,135	26,135
LB 683 Change homestead exemptions, surviving spouses	General	0	0	38,100	43,600
LB 698 Adopt the Home Care Consumer Bill of Rights Act	Cash	0	590,367	469,767	469,767
LB 722 Stroke System of Care Act	General	0	74,646	84,492	84,492
LB 746 Nebraska Strengthening Families Act	General	0	0	190,000	190,000
LB 746 Nebraska Strengthening Families Act	Cash	(70,000)	85,000	0	0
LB 754 Commission on Military and Veteran Affairs	General	0	147,328	176,189	176,189
LB 756 Terminate the Nebraska long-term care savings plan	General	0	0	(22,162)	(44,323)
LB 770 Change termination, NE Exchange Transparency Act	Cash	0	(4,320)	0	0
LB 774 Multiple sales tax exemption, income tax credits	General	0	144,534	33,080	33,080
LB 774 Multiple sales tax exemption, income tax credits	Federal	0	28,567	33,080	33,080
LB 783 Registration of public power district vehicles	Cash	0	4,513	0	0
LB 814 Changes, issuance of a school permit	Cash	0	5,629	5,629	5,629
LB 824 Compensation, power pool representative	Cash	0	19,000	19,000	19,000
LB 837 Premium taxes, Surplus Lines Insurance Act	General	0	0	24,000	24,000
LB 843 Change provisions relating to prostitution	General	0	0	122,563	122,563
LB 851 Change the Taxpayer Transparency Act	Revolving	0	59,072	4,260	4,260
LB 851 Change the Taxpayer Transparency Act	Cash	0	500,000	0	0
LB 867 Changes, Admin Procedure Act, Corrections	General	0	43,623	87,244	87,244
LB 867 Changes, Admin Procedure Act, Corrections	Revolving	0	99,400	0	0
LB 884 Sales tax turnback, Affordable Housing Tax Credit	General	0	0	329,097	25,746
LB 886 Volunteer Emergency Responders Incentive Act	General	0	55,601	0	0
LB 889 School Readiness Tax Credit Act	General	0	122,672	25,746	26,363
LB 908 Temporary licenses for veterinary technicians	Cash	0	23,044	26,392	26,392
LB 919 Change provisions, problem solving court programs	General	0	191,200	249,950	249,950
LB 919 Change provisions, problem solving court programs	Cash	0	10,000	10,000	10,000
LB 934 Changes, Office of the Public Guardian	General	0	535,000	535,000	535,000
LB 934 Changes, Office of the Public Guardian	Cash	0	7,000	0	0
LB 938 Adopt the 911 Service System Act	Cash	(1,000,000)	870,504	720,957	720,957
LB 956 Mainline Midbiennium adjustments	General	(7,661,579)	11,919,051	(5,390,826)	(5,163,204)
LB 956 Mainline Midbiennium adjustments	Cash	19,272,028	2,346,703	1,771,703	1,771,703
LB 956 Mainline Midbiennium adjustments	Federal	0	(3,312,718)	(3,312,718)	(3,312,718)
LB 956 Mainline Midbiennium adjustments	Revolving	500,000	500,000	0	0
LB 956 Mainline Midbiennium adjustments	NCCF	3,045,215	7,398,022	11,371,112	9,475,927
LB 959 Change TEEOSA, minimum levy, QCPUF levy	General	0	0	8,578,526	8,578,526
LB 960 Transportation Innovation Act	Cash	0	18,500,000	27,800,000	33,200,000
LB 977 Multiple motor vehicle related changes, MV tax	General	0	0	0	1,572,308
LB 977 Multiple motor vehicle related changes, MV tax	Cash	0	10,379	0	0

(Continued)	Fund	Approp FY2015-16	Approp. FY2016-17	Estimated FY2017-18	Estimated FY2018-19
LB 981 State Claims	General	1,035,297	0	0	0
LB 981 State Claims	Cash	884,675	0	0	0
LB 981 State Claims	Revolving	790,000	0	0	0
LB 1038 Water approp application, riparian vegetation	General	0	1,000,000	1,000,000	1,000,000
LB 1067 Changes, learning communities	General	0	0	13,458,373	15,752,888
LB 1082 Changes, oil and gas, periodic well fluid analysis	Cash	0	250	250	250
LB 1082 Changes, oil and gas, periodic well fluid analysis	Federal	0	750	750	750
LB 1083 Next Generation Business Growth Act	General	0	75,000	0	0
LB 1093 Eliminate / transfer funds, create programs	Cash	0	37,000	0	0
LB 1098 Increase fee for Legal Aid & Services Fund	Cash	0	355,355	355,355	355,355
LB 1105 Craft Brewery Board, beverage regulations	General	0	0	5,000	0
LB 1105 Craft Brewery Board, beverage regulations	Cash	0	121,500	121,500	121,500
General		(6,626,282)	14,435,157	19,614,975	23,297,781
Cash		19,086,703	23,826,486	31,360,354	36,760,354
Federal		0	(3,283,401)	(3,278,888)	(3,278,888)
Revolving		1,290,000	658,472	4,260	4,260
NCCF		3,045,215	7,398,022	11,371,112	9,475,927
Total		16,795,636	43,034,736	59,071,813	66,259,434

While a complete listing of all items is contained in Appendix A, the major cash and federal items are shown in Table 20 below. For the largest cash fund item and the NCCF items a narrative description follows Table 20

**Table 20 Significant Non-General Fund Budget Adjustments - 2016 Session**

Major Items - Cash Funds	FY2015-16	FY2016-17	2 Yr Total
Roads - LB 960 Transportation Innovation Act, Cash Reserve Fund transfer	0	18,500,000	18,500,000
Natural Resources - Sarpy Co. / Offutt AFB levee project	13,700,000	0	13,700,000
DED - Cash fund authority, Site and Building Development Fund transfer	0	4,000,000	4,000,000
Sec of State - On-line revenue pass-through funds, technology grants	396,460	396,460	792,920
Education - Use of additional Excellence in Teaching Act (ETA) funds	375,000	375,000	750,000
DHHS - Professional Licensure Unit, new database software	0	500,000	500,000
State Patrol - LB 698 Adopt the Home Care Consumer Bill of Rights Act	0	396,866	396,866
Public Advocacy - LB 1098 Increase fee for Legal Aid and Services Fund	0	355,355	355,355
PSC-Wireless - E911 Staffing	38,051	267,833	305,884
Tourism Commission - Increased operating expenditure authority (net)	297,400	0	297,400
DHHS - Medical student assistance program increase	100,000	100,000	200,000
Attorney General - Funding for forensic accountants (LB 1006)	0	175,000	175,000
Game & Parks - Shift Youth Conservation funds to Cowboy Trail (LB 810)	100,000	0	100,000
DHHS - Increase appropriation authority, Child Abuse Prevention Program	0	150,000	150,000
DHHS - Behavioral Health aid, housing assistance, mental illness (LB 931)	0	100,000	100,000
DHHS - Behavioral Health aid, housing services, substance abuse (LB 381)	0	100,000	100,000
Arts Council - Changes, administration of art in public buildings (LB 789)	50,000	50,000	100,000
Public Svs Com. - LB 938 Adopt the 911 Service System Act	(1,000,000)	870,504	(129,496)
All Other	1,029,792	1,489,468	2,519,260
<b>TOTAL CASH FUNDS</b>	<b>19,086,703</b>	<b>23,826,486</b>	<b>42,913,189</b>

Major Items - Federal Funds	FY2015-16	FY2016-17	2 Yr Total
DHHS - Higher FFY2017 Medicaid FMAP	0	4,674,690	4,674,690
DHHS - Managed care enrollment broker	0	3,445,925	3,445,925
DHHS - AccessNebraska call center funding	0	(600,000)	(600,000)
DHHS - Medicaid, excess appropriation	0	(10,833,333)	(10,833,333)
All Other	0	29,317	29,317
<b>TOTAL FEDERAL FUNDS</b>	<b>0</b>	<b>(3,283,401)</b>	<b>(3,283,401)</b>

Major Items - NCCF / Revolving	FY2015-16	FY2016-17	2 Yr Total
Corrections - New 160 bed female unit - Lincoln Community Corrections	1,853,000	5,306,519	5,359,519
Corrections - Tecumseh Correctional Institution, repair and restoration	1,192,215	2,022,503	3,214,718
Corrections - Program Statement - Reception and Treatment Center	0	69,000	69,000
DAS - Enterprise security information event system	500,000	500,000	1,000,000
DAS-State Claims - Workers Compensation	790,000	0	790,000
All Other (Revolving)	0	158,472	158,472
<b>TOTAL NCCF / REVOLVING FUNDS</b>	<b>4,335,215</b>	<b>8,056,494</b>	<b>12,391,709</b>

## Sarpy County / Offutt AFB Levee Project (Natural Resources)

The enacted budget includes the creation of the Critical Infrastructure Facilities Cash Fund in the Department of Natural Resources, and a transfer of \$13,700,000 into the fund from the Cash Reserve Fund. A corresponding \$13,700,000 Cash Fund appropriation in FY15-16 to the Department of Natural Resources would be used for state aid to provide a grant to a natural resources district to offset costs related to soil and water improvements intended to protect critical infrastructure facilities within a natural resources district which includes military installments, transportation routes and wastewater treatment facilities.

The grant would provide state funding assistance to complete a project related to the modification of two levee systems originally built by the federal government located in Sarpy County. The urban levee systems are approximately 18.6 miles in total length and protect over 6,700 acres including the following critical infrastructure facilities: 1) Offutt Air Force Base; 2) the Papillion Creek Wastewater Treatment Plant; 3) U.S. Highways 75 and 34; 4) Union Pacific and Burlington-Northern Santa Fe Railroads; and 5) City of Bellevue and Sarpy County development sites.

Modifications to the levee system are necessary to meet FEMA accreditation requirements and all current design and floodplain management standards. Costs offset by state funding assistance would include professional services to develop the site plan and facilitate land purchase, the acquisition of land rights, and construction of modifications to the levee system.

Without the modifications to the levee system, the Offutt Air Force base and surrounding areas would be deemed at risk for future flooding by FEMA. The protection of the base from flooding threats is especially critical because the base is currently seeking \$125,000,000 from the Department of Defense to resurface the Offutt runway, in addition to other capital

projects. It is doubtful the Department of Defense would choose to make capital improvements if the base was at risk or perceived to be at risk of flooding. Without the capital improvements to protect the facility, Offutt could be subject to base realignment or closure considerations.

## **Transportation Innovation Act - LB 960 (Roads)**

LB 960 creates three new programs funded by a \$50 million transfer from the Cash Reserve Fund in FY2016-17, plus more than \$400 million of additional fuel tax revenue generated by LB 610 (2015) from July 2016 through June 2033. The Transportation Infrastructure Bank Fund is created to receive both the Cash Reserve Fund money and the additional revenue from LB 610. The three new programs are as follows:

Accelerated State Highway Capital Improvement Program - The purpose of this program is to accelerate capital improvement projects. Eligible projects will be chosen by the department and include the expressway system, federally designated high priority corridors, and needs-driven capacity improvements. This program terminates on June 30, 2033.

County Bridge Match Program - The purpose of this program is to promote innovative solutions and provide additional funding to accelerate the repair and replacement of county bridges. The program will be designed and administered by the department. This program terminates on June 30, 2023. No more than \$40 million may be spent on this program.

Economic Opportunity Program - The purpose of this program is to finance transportation improvements to attract and support new businesses and business expansions. The program will be developed and administered by the Department of Roads in partnership with the Department of Economic Development. This program terminates on June 30, 2033. No more than \$20 million may be spent on this program.

LB 960 also gives the Department of Roads the authority to solicit and execute design-build contracts and construction manager-general contractor contracts. The use of these alternative contracting methods is estimated by the department to save 2-4 years on project delivery time on large or complex projects.

## **Tecumseh Correctional Institution, repair/restoration (Correctional Services)**

On May 10, 2015, the Tecumseh State Correctional Institution (TSCI) experienced a very serious disturbance that resulted in the deaths of two inmates and staff assaults. Significant damage throughout the institution occurred and required extensive repairs and restoration. Included in this request are expenses incurred that are not covered by insurance. As of November 2015, insurance has paid \$1,009,000.

Additionally, the critical incident review process of this event identified a number of action items, which included a camera and door integration system. That project alone is estimated at \$214,313 for planning and design in FY15-16, with the \$1.7 million cost of the project to occur in FY16-17. Replacement of equipment and supplies destroyed in the incident are

estimated at \$442,000 for FY15-16 and \$308,000 for FY16-17. Other expenses are for replacing the housing unit walls, doors, and window grilles estimated at almost \$536,000.

## **Lincoln Community Corrections Center, 160 bed unit (Correctional Services) -**

In their budget request letter, the Dept. of Correctional Services (DCS) stated that in reviewing the current incarcerated inmate population, as well as the projected inmate population, DCS' immediate need was for community custody beds. The budget adjustments began addressing that need by including funds for construction of a 160-bed female unit, as well as a separate building for food service and preparation, canteen, and classroom/program space at the Community Corrections Center-Lincoln. Construction of a female unit provides better segregation at the same time freeing up beds for the adult male population.

The budget also includes \$1,800,000 in FY2015-16 which will be available to address capacity and programming needs within the Department of Correctional Services while the Lincoln Community Corrections Center project is being completed.

All funding is provided by a Cash Reserve Fund transfer to the Nebraska Capital Construction Fund (NCCF)

Item	FY2015-16	FY2016-17	FY2017-18	FY2018-19	Total
Short term capacity & program	1,800,000	0	0	0	1,800,000
Revise Program Statement	53,000	0	0	0	53,000
Planning & Design	0	3,411,334	0	0	3,411,334
Construction	0	1,895,185	11,371,112	9,475,927	22,742,224
Total	1,853,000	5,306,519	11,371,112	9,475,927	28,006,558

## **Reception & Treatment Center-Program Statement (Correctional Services)**

A project that addresses the most immediate needs at the Diagnostic and Evaluation Center and the Lincoln Correctional Center is termed the Reception and Treatment Center (RTC). This project consists of four components: facility consolidation, medical and mental health, intake and food service with an estimated cost of \$75.2 million.

The Dept. of Correctional Services (DCS) requested funds to update the program statement for this project and the budget includes \$69,000 for that purpose. Like the Community Corrections Center project, this item is funded through a Cash Reserve Fund transfer to the Nebraska Capital Construction Fund (NCCF)

DCS indicated that depending on the results of the RTC Program Statement and status of LB605 reform measures, if the RTC is needed, planning and design is estimated to begin in FY2018.

## **Site & Building Development Fund Transfer (Economic Development)**

A one-time \$4,000,000 transfer from the General Fund to the Site and Building Development Fund is included in FY15-16. The Site and Building Development Fund, administered by the Department of Economic Development, was created in 2011 for the purpose of providing financial assistance for industrial site and building development. The following activities are eligible: land and building acquisition; building construction or rehabilitation; site preparation; infrastructure development and improvements; engineering and design costs; technical assistance and planning; and other pre-approved costs necessary for the development of industrial-ready sites and buildings. The fund receives approximately \$2,300,000 in annual revenue from a 25 cent allocation from documentary stamp tax proceeds and is currently fully committed to eligible projects. Additionally, project applications exceed the amount of funding available for allocation on an annual basis. Based upon the interest in and usage of the fund, a one-time General Fund allocation is recommended to help facilitate the funding of additional projects.

The cash fund appropriation gives the department the authority to expend the transferred funds.

## **Forensic accountants (Attorney General)**

The budget includes \$175,000 of cash funds in fiscal year 2016-17 for the Attorney General's Office to address the need for forensic accountants, either hire or contract for this work. Forensic accountants will enable the Attorney General's Office to better investigate cases of financial exploitation of vulnerable adults. This item was originally contained in LB 1006.

## **Behavioral Health aid, increased cash funds (DHHS)**

The enacted mainline budget changes incorporated provisions of two bills that related to behavioral health aid cash funds.

LB 931 - The budget includes an increase of \$100,000 of cash funds from the Behavioral Health Services Fund to provide housing-related assistance for very low-income adults with serious mental illness. This increases the total appropriation level for housing assistance aid is from \$2.9 million of cash funds to \$3 million in FY2016-17.

LB 381 - The budget provides a one-time appropriation of \$100,000 of cash funds in FY2016-17 from the Health Care Cash Fund to be used for housing services to support persons recovering from substance abuse disorders. Intent language is included in the bill providing for the funds to be used for persons recovering from substance abuse disorders in the following manner: to support evidence-based practices that conform to nationally recognized standards for residential treatment; to increase access to residential treatment in areas of the state with demonstrable need; and, to support the administrative need of providing housing services.

## Vehicle Title & Registration Replacement and Maintenance Cash Fund

The budget included the transfer of \$5,325,000 of cash funds from the Department of Motor Vehicles Cash Fund to the Vehicle Title and Registration Replacement and Maintenance Cash Fund in FY2016-17. The funds will be used in the future to replace and provide on-going maintenance for a new Vehicle Title and Registration System which is currently being developed by the Department of Motor Vehicles

## Property Tax Credit Fund

The Property Tax Credit Fund was created in 2007. Under this program transfers are made to the Property Tax Credit Cash Fund at the discretion of the Legislature and then based on the amount of funds available, monies are then allocated to counties by the ratio of the real property valuation in the county to the real property valuation in the state. Counties then allocate funds as credit to each tax payer again based on their proportionate value. Technically the property tax credit amounts do not change property taxes *LEVIED* but changes *WHO PAYS* the amount levied, the property owner or the state on their behalf.

The amount of credit originally included was \$105 million in FY07-08, and \$115 million in FY08-09 through FY13-14. In the 2014 legislative session, the amount was increased to \$140 million for FY14-15 and then in the 2015 session increased to \$204 million for FY15-16 and FY16-17.

LB 958 passed in the 2016 session, made several changes dealing with the Property Tax Credit. Up to this point, the property tax credit was distributed based on 100% of the taxable value of real property. Under LB 958, the credit is distributed using “credit allocation valuation” which is 120% of agricultural and horticultural land taxable value and 100% for all other real property except agricultural and horticultural land. This change would shift \$20 million of the property tax credit amounts from residential, commercial and industrial, and public service sectors to agriculture. To hold these other sectors harmless, LB958 increased the total amount of the credit by \$20 million (from \$204 million to \$224 million), for FY17-18 and FY18-19.

<u>Tax Year</u>	<u>State Fiscal Yr</u>	<u>Total Credit Amount</u>
2007	FY2007-08	\$105,000,000
2008	FY2008-09	115,000,000
2009	FY2009-10	115,000,000
2010	FY2010-11	115,000,000
2011	FY2011-12	115,000,000
2012	FY2012-13	115,000,000
2013	FY2013-14	115,000,000
2014	FY2014-15	140,000,000
2015	FY2015-16	204,000,000
2016	FY2016-17	204,000,000
2017 est	FY2017-18	224,000,000
2018 est	FY2018-19	224,000,000

## Appendix A

### Detailed Listing of All Budget Adjustments

		Current Biennium		Est for Following Biennium		
		FY2015-16	FY2016-17	FY2017-18	FY2018-19	
<b><u>#03-Legislative Council</u></b>						
122	LB 746 Nebraska Strengthening Families Act	Cash	(70,000)	(60,000)	0	0
122	LB 1083 Next Generation Business Growth Act	Gen	0	75,000	0	0
122	LB 1093 Bioscience Steering Committee	Cash	0	37,000	0	0
<b><u>#05-Supreme Court</u></b>						
52	Add Prog 437 to list of allowable transfers	Gen	0	0	0	0
52	LB 746 Nebraska Strengthening Families Act	Cash	0	15,000	0	0
52	LB 934 Changes, Office of the Public Guardian	Gen	0	535,000	535,000	535,000
52	LB 934 Changes, Office of the Public Guardian	Cash	0	7,000	0	0
420	LB 919 Change provisions, problem solving court programs	Gen	0	191,200	249,950	249,950
435	Place Juvenile Justice in separate budget program	Gen	0	(71,462,905)	(71,462,905)	(71,462,905)
435	Place Juvenile Justice in separate budget program	Cash	0	(25,000)	(25,000)	(25,000)
437	Place Juvenile Justice in separate budget program	Gen	0	71,462,905	71,462,905	71,462,905
437	Place Juvenile Justice in separate budget program	Cash	0	25,000	25,000	25,000
437	Amend LB500A relating to the \$250,000 reduction	Gen	0	0	0	0
570	LB 505 Changes, criminal history record Information	Cash	0	54,000	0	0
570	LB 919 Change provisions, problem solving court programs	Cash	0	10,000	10,000	10,000
<b><u>#9-Secretary of State</u></b>						
22	LB 465 Adopt the Electronic Notary Public Act	Gen	0	77,672	64,604	64,604
86	Increase in on-line revenue pass-through funds, technology grants	Cash	396,460	396,460	396,460	396,460
<b><u>#10-State Auditor</u></b>						
10	Unused health insurance	Gen	(21,000)	0	0	0
506	Retiree vacation and sick leave payout	Gen	46,100	0	0	0

	Fund	Current Biennium		Est for Following Biennium	
		FY2015-16	FY2016-17	FY2017-18	FY2018-19
<b><u>#11-Attorney General</u></b>					
290	Cash	0	175,000	175,000	175,000
290	Cash	0	90,390	92,186	92,186
496	Gen	307,900	921,500	921,500	921,500
<b><u>#12-State Treasurer</u></b>					
659	Gen	0	0	(22,162)	(44,323)
<b><u>#13-Dept of Education</u></b>					
25	Gen	250,000	0	0	0
158	Gen	(4,111,963)	0	0	0
158	Gen	0	(4,089,432)	(19,792,162)	(19,564,540)
158	Gen	0	0	24,000	24,000
158	Gen	0	0	8,578,526	8,578,526
158	Gen	0	0	0	1,572,308
158	Gen	0	0	13,458,373	15,752,888
158	Gen	0	(2,526,847)	(2,526,847)	(2,526,847)
158	Gen	250,000	0	0	0
161	Cash	22,616	0	0	0
161	Cash	375,000	375,000	375,000	375,000
614	Cash	42,067	0	0	0
614	Cash	2,351	2,410	2,410	2,410
<b><u>#14-Public Service Commission</u></b>					
14	Gen	(4,280)	(8,718)	(8,718)	(8,718)
16	Gen	4,280	8,718	8,718	8,718
54	Gen	18,010	0	0	0
54	Gen	15,830	0	0	0

		Current Biennium		Est for Following Biennium		
		Fund	FY2015-16	FY2016-17	FY2017-18	FY2018-19
583	GIS Software IT Consulting	Cash	50,000	0	0	0
583	Wireless E911 Staffing	Cash	38,051	267,833	267,833	267,833
583	Retirements and Separations	Cash	3,496	0	0	0
583	LB 938 Adopt the 911 Service System Act	Cash	(1,000,000)	870,504	720,957	720,957
686	Broadband License	Cash	30,000	30,000	30,000	30,000
686	Retirements and Separations	Cash	3,496	0	0	0
790	Retirements and Separations	Cash	3,091	0	0	0
<b><u>#15-Parole Board</u></b>						
358	Parolee treatment costs	Gen	0	600,000	600,000	600,000
358	Parole staff training	Gen	0	100,000	100,000	100,000
<b><u>#16-Dept of Revenue</u></b>						
102	LB 774 Multiple sales tax exemption, income tax credits	Gen	0	115,967	0	0
102	LB 884 State sales tax turnback, Affordable Housing Tax Credit Act	Gen	0	0	329,097	25,746
102	LB 886 Volunteer Emergency Responders Incentive Act	Gen	0	55,601	0	0
102	LB 889 School Readiness Tax Credit Act	Gen	0	122,672	25,746	26,363
108	Homestead Exemption (at current law)	Gen	600,000	1,200,000	1,200,000	1,200,000
108	LB 683 Change homestead exemptions, surviving spouses	Gen	0	0	38,100	43,600
<b><u>#18-Dept of Agriculture</u></b>						
78	LB 1038 Change water appropriation application provisions	Gen	0	1,000,000	1,000,000	1,000,000
78	LB 1105 Craft Brewery Board, beverage regulations and licensure	Cash	0	121,500	121,500	121,500
<b><u>#22-Dept of Insurance</u></b>						
69	LB 770 Change termination, Nebraska Exchange Transparency Act	Cash	0	(4,320)	0	0
<b><u>#23-Dept of Labor</u></b>						
31	LB 851 Change the Taxpayer Transparency Act	Cash	0	500,000	0	0

		Current Biennium		Est for Following Biennium		
		Fund	FY2015-16	FY2016-17	FY2017-18	FY2018-19
<b>#24-Dept of Motor Vehicles</b>						
70	LB 474 Mountain Lion Protection Plates	Cash	0	9,344	0	0
70	LB 783 Registration of public power district vehicles	Cash	0	4,513	0	0
70	LB 814 Change a requirement for issuance of a school permit	Cash	0	5,629	5,629	5,629
70	LB 977 Multiple motor vehicle related changes, MV tax	Cash	0	10,379	0	0
<b>#25-DHHS System</b>						
33	AccessNebraska call center funding	Gen	0	600,000	600,000	600,000
33	AccessNebraska call center funding	Fed	0	(600,000)	(600,000)	(600,000)
33	Higher FFY2017 FMAP - Develop disability service coordination	Gen	0	(27,953)	(27,953)	(27,953)
33	Higher FFY2017 FMAP - Develop disability service coordination	Fed	0	27,953	27,953	27,953
33	Managed care enrollment broker	Gen	0	3,445,925	3,445,925	3,445,925
33	Managed care enrollment broker	Fed	0	3,445,925	3,445,925	3,445,925
33	Behavioral health "system of care"	Gen	42,546	125,912	125,912	125,912
33	Behavioral health systems of care plan, shift funds from aid (original LB 911)	Gen	0	200,000	0	0
33	MIPS operations, shift funds from Prog 348 to Prog 033	Gen	0	245,000	245,000	245,000
33	LB 698 Adopt the Home Care Consumer Bill of Rights Act	Cash	0	103,111	103,111	103,111
33	LB 774 Multiple sales tax exemption, income tax credits	Gen	0	28,567	33,080	33,080
33	LB 774 Multiple sales tax exemption, income tax credits	Fed	0	28,567	33,080	33,080
38	Reduce GF reappropriation (\$3,000,000) - Behavioral Health aid	Gen	0	0	0	0
38	Behavioral health systems of care plan, shift funds from aid (original LB 911)	Gen	0	(200,000)	0	0
38	Increase aid for housing related assistance, mental illness (original LB931)	Cash	0	100,000	100,000	100,000
38	Increase aid for housing related assistance, mental illness (original LB931)	Cash	0	100,000	100,000	100,000
175	Medical student assistance program increase	Cash	100,000	100,000	100,000	100,000
178	Professional Licensure Unit, new database software	Cash	0	500,000	0	0
178	LB 680 Change requirements for pharmacy technicians	Cash	0	23,177	26,135	26,135
178	LB 908 Provide for temporary licenses for veterinary technicians	Cash	0	23,044	26,392	26,392
179	LB 722 Stroke System of Care Act	Gen	0	74,646	84,492	84,492

	Fund	Current Biennium		Est for Following Biennium	
		FY2015-16	FY2016-17	FY2017-18	FY2018-19
344 Higher FFY2017 FMAP - Childrens Health Insurance (SCHIP)	Gen	0	(206,368)	(206,368)	(206,368)
344 Higher FFY2017 FMAP - Childrens Health Insurance (SCHIP)	Fed	0	206,368	206,368	206,368
344 One time reduction based on spending estimate	Gen	(4,500,000)	0	0	0
344 Reduce GF reappropriation (\$11,146,819) - Chldns Hlth Insurance (SCHIP)	Gen	0	0	0	0
347 Child Welfare FY16 shortfall, shift from Public Assistance (up to \$10 M)	Gen	0	0	0	0
347 Child Welfare shortfall, shift from Public Assistance & Medicaid	Gen	0	(5,000,000)	(5,000,000)	(5,000,000)
348 Shift GF from Spec Ed to Medicaid, LB276	Gen	0	2,526,847	2,526,847	2,526,847
348 Higher FFY2017 FMAP - Medicaid	Gen	0	(3,823,431)	(3,823,431)	(3,823,431)
348 Higher FFY2017 FMAP - Medicaid	Fed	0	3,823,431	3,823,431	3,823,431
348 Higher FFY2017 FMAP - Developmental disability aid	Fed	0	492,924	492,924	492,924
348 Reduce GF reappropriation (\$84,774,997) - Medicaid	Gen	0	0	0	0
348 Reduce GF appropriation based on YTD spending - Medicaid	Gen	(20,000,000)	0	0	0
348 Child Welfare shortfall, shift from Public Assistance & Medicaid	Gen	0	(10,000,000)	(10,000,000)	(10,000,000)
348 Child Welfare shortfall, shift from Public Assistance & Medicaid	Fed	0	(10,833,333)	(10,833,333)	(10,833,333)
348 MIPS operations, shift funds from Prog 348 to Prog 033	Gen	0	(245,000)	(245,000)	(245,000)
350 Additional appropriation authority, Child Abuse Prevention Program	Cash	0	150,000	150,000	150,000
354 Higher FFY2017 FMAP - Child Welfare aid	Gen	0	(54,813)	(54,813)	(54,813)
354 Higher FFY2017 FMAP - Child Welfare aid	Fed	0	54,813	54,813	54,813
354 Child Welfare FY16 shortfall, shift from Public Assistance (up to \$10 M)	Gen	0	0	0	0
354 Child Welfare shortfall, shift from Public Assistance & Medicaid	Gen	0	15,000,000	15,000,000	15,000,000
365 Alleviate court ordered wait list, Lincoln Regional Center	Gen	0	1,061,232	1,061,232	1,061,232
365 Higher FFY2017 FMAP - Mental Health operations	Gen	0	(6,506)	(6,506)	(6,506)
365 Higher FFY2017 FMAP - Mental Health operations	Fed	0	6,506	6,506	6,506
421 Higher FFY2017 FMAP - Beatrice State Develop Center (BSDC)	Gen	0	(62,695)	(62,695)	(62,695)
421 Higher FFY2017 FMAP - Beatrice State Develop Center (BSDC)	Fed	0	62,695	62,695	62,695
421 Base reduction- Beatrice State Develop Center (BSDC)	Gen	(300,000)	(300,000)	(300,000)	(300,000)
424 Higher FFY2017 FMAP - Developmental disability aid	Gen	0	(492,924)	(492,924)	(492,924)
424 State Ward Permanency Pilot Project, costs and waiver reimburse	Gen	1,373,812	500,000	500,000	500,000
424 Developmental disability aid, rate methodology waiver reimbursement	Gen	11,340,542	0	0	0
424 Increase aid for waiting list, replace waiver reimbursement monies	Gen	500,000	0	0	0
502 Appropriate funds for federally qualified health centers (original LB 923)	Gen	1,000,000	0	0	0

	Fund	Current Biennium		Est for Following Biennium	
		FY2015-16	FY2016-17	FY2017-18	FY2018-19
<b><u>#27-Dept of Roads</u></b>					
569 LB 960 Transportation Innovation Act, Cash Reserve Fund transfer	Cash	0	18,500,000	27,800,000	33,200,000
<b><u>#28-Dept of Veterans Affairs</u></b>					
36 LB 754 Commission on Military and Veteran Affairs	Gen	0	147,328	176,189	176,189
<b><u>#29-Dept of Natural Resources</u></b>					
313 Water Sustainability Fund project cap	Gen	0	0	0	0
314 Critical Infrastructure Facilities program	Cash	13,700,000	0	0	0
<b><u>#33-Game and Parks Commission</u></b>					
337 Reallocate appropriations among programs, correct 2015 issue	Gen	137,703	137,703	137,703	137,703
337 Reallocate appropriations among programs, correct 2015 issue	Cash	(137,703)	(137,703)	(137,703)	(137,703)
338 Niobrara Council funding increase	Cash	33,000	0	0	0
549 Reallocate appropriations among programs, correct 2015 issue	Gen	(262,912)	(262,912)	(262,912)	(262,912)
549 Reallocate appropriations among programs, correct 2015 issue	Cash	262,912	262,912	262,912	262,912
550 Reallocate appropriations among programs, correct 2015 issue	Gen	125,209	125,209	125,209	125,209
550 Reallocate appropriations among programs, correct 2015 issue	Cash	(125,209)	(125,209)	(125,209)	(125,209)
<b><u>#35-Liquor Control Commission</u></b>					
73 LB 1105 Craft Brewery Board, beverage regulations and licensure	Gen	0	0	5,000	0
<b><u>#36-Racing Commission</u></b>					
74 Increased operating costs, contract veterinarian	Cash	25,000	25,000	25,000	25,000
<b><u>#46-Dept of Correctional Services</u></b>					
200 Inmate health service costs	Gen	2,058,700	2,525,012	2,525,012	2,525,012
200 Continuation of inmate county jail program	Gen	479,892	4,607,147	0	0
200 Inmate per diem costs (non-medical)	Gen	1,878,000	2,278,000	2,278,000	2,278,000
200 Operations costs and equipment	Gen	1,774,997	2,839,925	2,839,925	2,839,925
200 Utility costs	Gen	1,161,507	1,207,968	1,207,968	1,207,968

	Fund	Current Biennium		Est for Following Biennium	
		FY2015-16	FY2016-17	FY2017-18	FY2018-19
200 Vacancy savings	Gen	(4,415,429)	(2,207,715)	(2,207,715)	(2,207,715)
200 Staff retention, DCS staff (original LB 733)	Gen	1,500,000	0	0	0
200 LB 867 Changes, Admin Procedure Act, Correctional Services	Gen	0	43,623	87,244	0
<b><u>#48-Postsecondary Coordinating Commission</u></b>					
691 Increase funding, Access College Early Scholarship (original LB 713)	Gen	0	250,000	250,000	250,000
<b><u>#51-University of Nebraska</u></b>					
515 Innovation Campus (NIC) measurements & benchmarks (original LB1093)	Gen	0	0	0	0
515 Intent Language, Global Center operations, following biennium	Gen	0	YES	3,000,000	3,000,000
515 Intent Language, health Insurance reporting	Gen	0	YES	0	0
<b><u>#54-Historical Society</u></b>					
648 Relocation of SpaceSaver storage equipment	Gen	85,000	0	0	0
<b><u>#57-Oil and Gas Commission</u></b>					
335 LB 1082 Changes, oil and gas, periodic well fluid analysis	Cash	0	250	250	250
335 LB 1082 Changes, oil and gas, periodic well fluid analysis	Fed	0	750	750	750
<b><u>#58-Engineers &amp; Architects</u></b>					
82 Replace Licensee Database Software	Cash	0	75,000	0	0
<b><u>#63-Public Accountancy</u></b>					
84 Retiree Leave Payout (\$18,708 PSL only)	PSL	YES	0	0	0
<b><u>#64-State Patrol</u></b>					
100 LB 467 Change provisions relating to State Patrol retirement	Gen	0	17,630	25,999	25,999
100 LB 698 Adopt the Home Care Consumer Bill of Rights Act	Cash	0	396,866	274,470	274,470
205 LB 467 Change provisions relating to State Patrol retirement	Cash	0	5,877	8,666	8,666

	Fund	Current Biennium		Est for Following Biennium		
		FY2015-16	FY2016-17	FY2017-18	FY2018-19	
<b><u>65-Administrative Services</u></b>						
49	LB 867 Changes, Admin Procedure Act, Correctional Services	Rev	0	99,400	0	0
171	LB 851 Change the Taxpayer Transparency Act	Rev	0	59,072	4,260	4,260
172	Records management cash fund to IMServices Revolving Fund	Rev	0	0	0	0
172	Enterprise security information event system	Rev	500,000	500,000	0	0
591	Adjust Tort Claims transfers	Cash	0	0	0	0
536	State Claims - Miscellaneous	Gen	261,862	0	0	0
591	State Claims - Tort	Gen	543,435	0	0	0
591	State Claims - Tort	Cash	884,675	0	0	0
592	State Claims - Indemnification	Gen	230,000	0	0	0
593	State Claims - Workers Compensation	Rev	390,000	0	0	0
594	State Claims - Tort	Rev	400,000	0	0	0
<b><u>#69-Arts Council</u></b>						
326	Changes, administration of art in public buildings (original LB 789)	Cash	50,000	50,000	50,000	50,000
<b><u>#70-Foster Care Review Board</u></b>						
353	LB 746 Nebraska Strengthening Families Act	Gen	0	0	190,000	190,000
353	LB 746 Nebraska Strengthening Families Act	Cash	0	130,000	0	0
<b><u>#71-Nebraska Energy Office</u></b>						
106	Use of Clean-burning Motor Fuel Development Fund for admin costs	Cash	YES	YES	0	0
<b><u>#72-Dept of Economic Development</u></b>						
603	Cash fund authority, Site and Building Development Fund transfer funds	Cash	4,000,000	0	0	0
<b><u>#74-Power Review Board</u></b>						
72	LB 824 Compensation, Power Review Brd power pool representative	Cash	0	19,000	19,000	19,000
<b><u>#75-Investment Council</u></b>						
610	LB 447 Changes, Class V School Employees Retirement Act	Cash	0	175,000	25,000	25,000

	Fund	Current Biennium		Est for Following Biennium		
		FY2015-16	FY2016-17	FY2017-18	FY2018-19	
<b><u>#76-Nebraska Indian Commission</u></b>						
584	Insurance costs, change to full family coverage	Gen	3,977	25,028	25,028	25,028
<b><u>#78-Crime Commission</u></b>						
198	PSL, IT manager salary adjustment (\$5,445 FY16, \$5,575 FY17)	PSL	0	YES	0	0
199	PSL, Training Center, instructor salary (\$15,473 FY16, \$21,125 FY17)	PSL	YES	YES	0	0
199	PSL, Training Center, employee retirement (\$17,372 FY16)	PSL	YES	0	0	0
201	LB 843 Change provisions relating to prostitution, forensic testing	Gen	0	0	122,563	122,563
215	PSL, IT manager salary adjustment (\$5,445 FY16, \$5,575 FY17)	PSL	0	YES	0	0
215	LB 505 Changes, criminal history record Information	Gen	0	30,000	0	0
<b><u>#83-Community Colleges</u></b>						
151	Additional aid to community colleges (one-time) (original LB 852)	Gen	1,000,000	0	0	0
<b><u>#85-Public Employees Retirement Board</u></b>						
41	LB 467 Change provisions relating to State Patrol retirement	Cash	0	77,164	0	0
515	Statutory Contribution - School 2%	Gen	0	1,280,383	1,280,383	1,280,383
515	Statutory Contribution - OPS service annuity	Gen	0	97,118	97,118	97,118
515	Actuarially required contribution - Judges plan	Gen	0	0	0	0
515	Actuarially required contribution - State Patrol plan	Gen	0	(474,262)	(474,262)	(474,262)
<b><u>#87-Political Accountability and Disclosure</u></b>						
94	LB 400 Change financial interest statement filing	Gen	0	1,200	0	0
<b><u>#91-Nebraska Tourism Commission</u></b>						
618	Increased operating expenditure authority	Cash	750,000	0	0	0
618	Reduce state aid earmark, allow shift to operations	Cash	(452,600)	0	0	0
<b><u>#94-Commission on Public Advocacy</u></b>						
426	LB 1098 Increase legal services fee for Legal Aid and Services Fund	Cash	0	355,355	355,355	355,355

	Fund	Current Biennium		Est for Following Biennium		
		FY2015-16	FY2016-17	FY2017-18	FY2018-19	
<b><u>Capital Construction Projects</u></b>						
900	Game & Parks - Youth Conservation funds to Cowboy Trail (original LB 810)	Cash	100,000	0	0	0
900	Corrections - Tecumseh Correctional Institution, repair and restoration	Rev	1,192,215	2,022,503	0	0
900	Corrections - New 160 bed unit. Lincoln Community Corrections Center	Rev	1,853,000	5,306,519	11,371,112	9,475,927
900	Corrections - Program Statement - Reception and Treatment Center	Rev	0	69,000	0	0
939	University - Vet Diagnostic Center, reduce FUTURE by \$17,670,400	Gen	0	0	YES	YES
900	University - Approve use of revenue bond surplus, UNO	Gen	0	0	0	0
922	DAS - Authorize land acquisition, Capitol HVAC project	NCCF	0	0	0	0
900	State Colleges - State College facilities construction (original LB 755)	Gen	0	0	0	YES
900	University - University of Nebraska Facilities Program (original LB 858)	Gen	0	0	0	YES
<b><u>Fund Transfers</u></b>						
--	Securities Act Cash fund to Gen Fund (\$6 million each FY)	Gen	YES	YES	0	0
--	Dept of Insurance Cash Fund to Gen Fund (\$2 million each FY)	Gen	YES	YES	0	0
--	Gen Fund to Site and Building Development Fund (\$4,000,000 FY16)	Gen	YES	0	0	0
--	Gen Fund to Military Installation Infrastructure (\$13,700,000 FY16)	Gen	YES	0	0	0
--	Gen Fund to NCCF (DCS short term housing (\$800,000 FY16)	Gen	YES	0	0	0
--	MV Ignition Interlock Fund to VTR Replacement Fund (\$175,000 FY17)	Cash	0	YES	0	0
--	DMV Cash Fund to VTR Replacement Fund (\$5,325,000 FY17)	Cash	0	YES	0	0
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	General Funds		(6,626,282)	14,435,157	19,614,975	23,297,781
	Cash Funds		19,086,703	23,826,486	31,360,354	36,760,354
	Federal Funds		0	(3,283,401)	(3,278,888)	(3,278,888)
	Revolving Funds		1,290,000	658,472	4,260	4,260
	Nebraska Capital Construction Fund (NCCF)		3,045,215	7,398,022	11,371,112	9,475,927
	Total		16,795,636	43,034,736	59,071,813	66,259,434

## Appendix B

### General Fund Appropriations by Agency

		FY2014-15	FY2015-16			FY2016-17			Change over Prior Year (excludes deficits)				
			Without deficits	Per 2015 Session	2016 Deficits	Revised Per 2016 Session	Per 2015 Session	2016 Changes	Revised Per 2016 Session	FY16 \$ Change	FY16 % Change	FY17 \$ Change	FY17 % Change
#03	Legislative Council	Oper	19,095,539	20,288,117	0	20,288,117	20,855,311	75,000	20,930,311	1,192,578	6.2%	642,194	3.2%
#03	Legislative Council	Total	19,095,539	20,288,117	0	20,288,117	20,855,311	75,000	20,930,311	1,192,578	6.2%	642,194	3.2%
#05	Supreme Court	Aid	200,000	300,000	0	300,000	300,000	0	300,000	100,000	50.0%	0	0.0%
#05	Supreme Court	Oper	149,427,839	166,968,022	0	166,968,022	179,080,632	726,200	179,806,832	17,540,183	11.7%	12,838,810	7.7%
#05	Supreme Court	Total	149,627,839	167,268,022	0	167,268,022	179,380,632	726,200	180,106,832	17,640,183	11.8%	12,838,810	7.7%
#07	Governor	Oper	1,879,549	2,238,705	0	2,238,705	2,280,286	0	2,280,286	359,156	19.1%	41,581	1.9%
#07	Governor	Total	1,879,549	2,238,705	0	2,238,705	2,280,286	0	2,280,286	359,156	19.1%	41,581	1.9%
#08	Lt. Governor	Oper	144,051	147,735	0	147,735	149,486	0	149,486	3,684	2.6%	1,751	1.2%
#08	Lt. Governor	Total	144,051	147,735	0	147,735	149,486	0	149,486	3,684	2.6%	1,751	1.2%
#09	Secretary of State	Oper	1,496,302	1,533,199	0	1,533,199	1,943,347	77,672	2,021,019	36,897	2.5%	487,820	31.8%
#09	Secretary of State	Total	1,496,302	1,533,199	0	1,533,199	1,943,347	77,672	2,021,019	36,897	2.5%	487,820	31.8%
#10	State Auditor	Oper	2,295,617	2,540,804	25,100	2,565,904	2,609,327	0	2,609,327	245,187	10.7%	68,523	2.7%
#10	State Auditor	Total	2,295,617	2,540,804	25,100	2,565,904	2,609,327	0	2,609,327	245,187	10.7%	68,523	2.7%
#11	Attorney General	Oper	5,638,473	6,420,860	307,900	6,728,760	6,344,957	921,500	7,266,457	782,387	13.9%	845,597	13.2%
#11	Attorney General	Total	5,638,473	6,420,860	307,900	6,728,760	6,344,957	921,500	7,266,457	782,387	13.9%	845,597	13.2%
#12	State Treasurer	Aid	0	0	0	0	0	0	0	0	na	0	na
#12	State Treasurer	Oper	1,301,283	1,284,247	0	1,284,247	1,303,949	0	1,303,949	(17,036)	-1.3%	19,702	1.5%
#12	State Treasurer	Total	1,301,283	1,284,247	0	1,284,247	1,303,949	0	1,303,949	(17,036)	-1.3%	19,702	1.5%
#13	Education	Aid	1,156,384,882	1,193,669,501	(3,861,963)	1,189,807,538	1,210,050,102	(6,616,279)	1,203,433,823	37,284,619	3.2%	9,764,322	0.8%
#13	Education	Oper	20,643,004	25,054,407	250,000	25,304,407	25,498,938	0	25,498,938	4,411,403	21.4%	444,531	1.8%
#13	Education	Total	1,177,027,886	1,218,723,908	(3,611,963)	1,215,111,945	1,235,549,040	(6,616,279)	1,228,932,761	41,696,022	3.5%	10,208,853	0.8%
#14	Public Service Comm	Oper	2,429,539	2,498,741	33,840	2,532,581	2,540,808	0	2,540,808	69,202	2.8%	42,067	1.7%
#14	Public Service Comm	Total	2,429,539	2,498,741	33,840	2,532,581	2,540,808	0	2,540,808	69,202	2.8%	42,067	1.7%
#15	Parole Board	Oper	850,640	1,339,778	0	1,339,778	6,398,862	700,000	7,098,862	489,138	57.5%	5,759,084	429.9%
#15	Parole Board	Total	850,640	1,339,778	0	1,339,778	6,398,862	700,000	7,098,862	489,138	57.5%	5,759,084	429.9%
#16	Revenue	Aid	73,521,000	71,000,000	600,000	71,600,000	90,915,000	1,200,000	92,115,000	(2,521,000)	-3.4%	21,115,000	29.7%
#16	Revenue	Oper	26,428,021	26,805,142	0	26,805,142	27,256,828	294,240	27,551,068	377,121	1.4%	745,926	2.8%
#16	Revenue	Total	99,949,021	97,805,142	600,000	98,405,142	118,171,828	1,494,240	119,666,068	(2,143,879)	-2.1%	21,860,926	22.4%

		FY2014-15	FY2015-16			FY2016-17			Change over Prior Year (excludes deficits)				
			Without deficits	Per 2015 Session	2016 Deficits	Revised Per 2016 Session	Per 2015 Session	2016 Changes	Revised Per 2016 Session	FY16	FY16	FY17	FY17
										\$	%	\$	%
#18	Agriculture	Aid	0	0	0	0	975,000	975,000	0	na	975,000		
#18	Agriculture	Oper	5,922,021	6,162,817	0	6,162,817	6,217,820	25,000	6,242,820	240,796	4.1%	80,003	
#18	Agriculture	Total	5,922,021	6,162,817	0	6,162,817	6,217,820	1,000,000	7,217,820	240,796	4.1%	1,055,003	
#21	Fire Marshal	Oper	4,093,785	4,238,438	0	4,238,438	4,356,727	0	4,356,727	144,653	3.5%	118,289	
#21	Fire Marshal	Total	4,093,785	4,238,438	0	4,238,438	4,356,727	0	4,356,727	144,653	3.5%	118,289	
#23	Labor	Oper	663,563	679,089	0	679,089	690,814	0	690,814	15,526	2.3%	11,725	
#23	Labor	Total	663,563	679,089	0	679,089	690,814	0	690,814	15,526	2.3%	11,725	
#25	DHHS System	Aid	1,278,863,443	1,324,037,956	(10,285,646)	1,313,752,310	1,375,433,321	(1,995,689)	1,373,437,632	45,174,513	3.5%	49,399,676	
#25	DHHS System	Oper	235,054,760	250,901,024	(257,454)	250,643,570	256,756,287	5,384,128	262,140,415	15,846,264	6.7%	11,239,391	
#25	DHHS System	Total	1,513,918,203	1,574,938,980	(10,543,100)	1,564,395,880	1,632,189,608	3,388,439	1,635,578,047	61,020,777	4.0%	60,639,067	
#28	Veterans Affairs	Oper	1,228,082	1,248,920	0	1,248,920	1,280,986	147,328	1,428,314	20,838	1.7%	179,394	
#28	Veterans Affairs	Total	1,228,082	1,248,920	0	1,248,920	1,280,986	147,328	1,428,314	20,838	1.7%	179,394	
#29	Natural Resources	Aid	16,301,154	5,458,361	0	5,458,361	5,458,361	0	5,458,361	(10,842,793)	-66.5%	0	
#29	Natural Resources	Oper	10,849,418	11,086,574	0	11,086,574	11,286,789	0	11,286,789	237,156	2.2%	200,215	
#29	Natural Resources	Total	27,150,572	16,544,935	0	16,544,935	16,745,150	0	16,745,150	(10,605,637)	-39.1%	200,215	
#31	Military Dept	Aid	988,775	858,775	0	858,775	858,775	0	858,775	(130,000)	-13.1%	0	
#31	Military Dept	Oper	4,276,279	4,406,319	0	4,406,319	4,485,933	0	4,485,933	130,040	3.0%	79,614	
#31	Military Dept	Total	5,265,054	5,265,094	0	5,265,094	5,344,708	0	5,344,708	40	0.0%	79,614	
#32	Ed Lands & Funds	Oper	321,217	328,604	0	328,604	335,359	0	335,359	7,387	2.3%	6,755	
#32	Ed Lands & Funds	Total	321,217	328,604	0	328,604	335,359	0	335,359	7,387	2.3%	6,755	
#33	Game & Parks	Aid	42,011	42,011	0	42,011	42,011	0	42,011	0	0.0%	0	
#33	Game & Parks	Oper	11,148,845	11,841,970	0	11,841,970	12,031,872	0	12,031,872	693,125	6.2%	189,902	
#33	Game & Parks	Total	11,190,856	11,883,981	0	11,883,981	12,073,883	0	12,073,883	693,125	6.2%	189,902	
#34	Library Commission	Aid	1,209,240	1,271,970	0	1,271,970	1,295,085	0	1,295,085	62,730	5.2%	23,115	
#34	Library Commission	Oper	2,569,572	2,691,538	0	2,691,538	2,790,888	0	2,790,888	121,966	4.7%	99,350	
#34	Library Commission	Total	3,778,812	3,963,508	0	3,963,508	4,085,973	0	4,085,973	184,696	4.9%	122,465	
#35	Liquor Control	Oper	1,046,759	1,285,358	0	1,285,358	1,298,648	0	1,298,648	238,599	22.8%	13,290	
#35	Liquor Control	Total	1,046,759	1,285,358	0	1,285,358	1,298,648	0	1,298,648	238,599	22.8%	13,290	
#46	Correctional Services	Aid	3,500,000	3,500,000	0	3,500,000	3,500,000	0	3,500,000	0	0.0%	0	
#46	Correctional Services	Oper	181,813,346	201,754,397	4,437,667	206,192,064	192,864,541	11,293,960	204,158,501	19,941,051	11.0%	2,404,104	
#46	Correctional Services	Total	185,313,346	205,254,397	4,437,667	209,692,064	196,364,541	11,293,960	207,658,501	19,941,051	10.8%	2,404,104	
#47	NETC	Oper	9,840,715	10,173,789	0	10,173,789	10,329,068	0	10,329,068	333,074	3.4%	155,279	
#47	NETC	Total	9,840,715	10,173,789	0	10,173,789	10,329,068	0	10,329,068	333,074	3.4%	155,279	

		FY2014-15	FY2015-16			FY2016-17			Change over Prior Year (excludes deficits)				
			Without deficits	Per 2015 Session	2016 Deficits	Revised Per 2016 Session	Per 2015 Session	2016 Changes	Revised Per 2016 Session	FY16	FY16	FY17	FY17
										\$	%	\$	%
#48	Coordinating Comm	Aid	7,553,156	7,603,156	0	7,603,156	7,603,156	250,000	7,853,156	50,000	0.7%	250,000	3.3%
#48	Coordinating Comm	Oper	1,321,637	1,384,210	0	1,384,210	1,403,607	0	1,403,607	62,573	4.7%	19,397	1.4%
#48	Coordinating Comm	Total	8,874,793	8,987,366	0	8,987,366	9,006,763	250,000	9,256,763	112,573	1.3%	269,397	3.0%
#50	State Colleges	Oper	49,396,030	50,877,911	0	50,877,911	52,404,248	0	52,404,248	1,481,881	3.0%	1,526,337	3.0%
#50	State Colleges	Total	49,396,030	50,877,911	0	50,877,911	52,404,248	0	52,404,248	1,481,881	3.0%	1,526,337	3.0%
#51	University of Nebraska	Oper	542,816,884	563,885,541	0	563,885,541	583,068,732	0	583,068,732	21,068,657	3.9%	19,183,191	3.4%
#51	University of Nebraska	Total	542,816,884	563,885,541	0	563,885,541	583,068,732	0	583,068,732	21,068,657	3.9%	19,183,191	3.4%
#54	Historical Society	Oper	4,932,223	5,110,695	85,000	5,195,695	4,652,409	0	4,652,409	178,472	3.6%	(458,286)	-9.0%
#54	Historical Society	Total	4,932,223	5,110,695	85,000	5,195,695	4,652,409	0	4,652,409	178,472	3.6%	(458,286)	-9.0%
#64	State Patrol	Oper	56,576,821	58,537,010	0	58,537,010	60,095,811	17,630	60,113,441	1,960,189	3.5%	1,576,431	2.7%
#64	State Patrol	Total	56,576,821	58,537,010	0	58,537,010	60,095,811	17,630	60,113,441	1,960,189	3.5%	1,576,431	2.7%
#65	Admin Services (DAS)	Oper	7,821,743	8,580,996	1,035,297	9,616,293	8,880,092	0	8,880,092	759,253	9.7%	299,096	3.5%
#65	Admin Services (DAS)	Total	7,821,743	8,580,996	1,035,297	9,616,293	8,880,092	0	8,880,092	759,253	9.7%	299,096	3.5%
#67	Equal Opportunity	Oper	1,186,439	1,186,572	0	1,186,572	1,262,802	0	1,262,802	133	0.0%	76,230	6.4%
#67	Equal Opportunity	Total	1,186,439	1,186,572	0	1,186,572	1,262,802	0	1,262,802	133	0.0%	76,230	6.4%
#68	Latino American Comm.	Oper	190,981	202,917	0	202,917	207,834	0	207,834	11,936	6.2%	4,917	2.4%
#68	Latino American Comm.	Total	190,981	202,917	0	202,917	207,834	0	207,834	11,936	6.2%	4,917	2.4%
#69	Arts Council	Aid	903,069	940,069	0	940,069	943,069	0	943,069	37,000	4.1%	3,000	0.3%
#69	Arts Council	Oper	604,088	600,001	0	600,001	618,415	0	618,415	(4,087)	-0.7%	18,414	3.1%
#69	Arts Council	Total	1,507,157	1,540,070	0	1,540,070	1,561,484	0	1,561,484	32,913	2.2%	21,414	1.4%
#70	Foster Care Review	Oper	1,616,119	2,020,653	0	2,020,653	1,865,446	0	1,865,446	404,534	25.0%	(155,207)	-7.7%
#70	Foster Care Review	Total	1,616,119	2,020,653	0	2,020,653	1,865,446	0	1,865,446	404,534	25.0%	(155,207)	-7.7%
#71	State Energy Office	Oper	0	411,750	0	411,750	218,472	0	218,472	411,750	na	(193,278)	-46.9%
#71	State Energy Office	Total	0	411,750	0	411,750	218,472	0	218,472	411,750	na	(193,278)	-46.9%
#72	Economic Development	Aid	6,860,000	7,360,000	0	7,360,000	7,360,000	0	7,360,000	500,000	7.3%	0	0.0%
#72	Economic Development	Oper	4,899,875	5,272,259	0	5,272,259	5,351,328	0	5,351,328	372,384	7.6%	79,069	1.5%
#72	Economic Development	Total	11,759,875	12,632,259	0	12,632,259	12,711,328	0	12,711,328	872,384	7.4%	79,069	0.6%
#74	Power Review Board	Oper	200,000	0	0	0	0	0	0	(200,000)	-100.0%	0	na
#74	Power Review Board	Total	200,000	0	0	0	0	0	0	(200,000)	-100.0%	0	na
#76	Indian Commission	Oper	208,175	215,260	3,977	219,237	220,673	25,028	245,701	7,085	3.4%	30,441	14.1%
#76	Indian Commission	Total	208,175	215,260	3,977	219,237	220,673	25,028	245,701	7,085	3.4%	30,441	14.1%
#77	Industrial Relations	Oper	313,047	320,351	0	320,351	325,660	0	325,660	7,304	2.3%	5,309	1.7%
#77	Industrial Relations	Total	313,047	320,351	0	320,351	325,660	0	325,660	7,304	2.3%	5,309	1.7%

		FY2014-15	FY2015-16			FY2016-17			Change over Prior Year (excludes deficits)				
			Without deficits	Per 2015 Session	2016 Deficits	Revised Per 2016 Session	Per 2015 Session	2016 Changes	Revised Per 2016 Session	FY16	FY16	FY17	FY17
										\$	%	\$	%
#78	Crime Commission	Aid	5,973,828	7,323,828	0	7,323,828	7,823,828	0	7,823,828	1,350,000	22.6%	500,000	6.8%
#78	Crime Commission	Oper	3,706,000	4,632,365	0	4,632,365	4,827,995	30,000	4,857,995	926,365	25.0%	225,630	4.9%
#78	Crime Commission	Total	9,679,828	11,956,193	0	11,956,193	12,651,823	30,000	12,681,823	2,276,365	23.5%	725,630	6.1%
#81	Blind & Visually Impaired	Aid	176,890	176,890	0	176,890	176,890	0	176,890	0	0.0%	0	0.0%
#81	Blind & Visually Impaired	Oper	869,100	953,655	0	953,655	971,637	0	971,637	84,555	9.7%	17,982	1.9%
#81	Blind & Visually Impaired	Total	1,045,990	1,130,545	0	1,130,545	1,148,527	0	1,148,527	84,555	8.1%	17,982	1.6%
#82	Deaf & Hard of Hearing	Oper	874,808	1,011,990	0	1,011,990	1,016,914	0	1,016,914	137,182	15.7%	4,924	0.5%
#82	Deaf & Hard of Hearing	Total	874,808	1,011,990	0	1,011,990	1,016,914	0	1,016,914	137,182	15.7%	4,924	0.5%
#83	Community Colleges	Aid	95,040,351	97,891,562	1,000,000	98,891,562	100,828,308	0	100,828,308	2,851,211	3.0%	2,936,746	3.0%
#83	Community Colleges	Total	95,040,351	97,891,562	1,000,000	98,891,562	100,828,308	0	100,828,308	2,851,211	3.0%	2,936,746	3.0%
#84	Environmental Quality	Aid	2,141,196	2,141,196	0	2,141,196	2,141,196	0	2,141,196	0	0.0%	0	0.0%
#84	Environmental Quality	Oper	3,393,198	3,694,600	0	3,694,600	3,922,413	0	3,922,413	301,402	8.9%	227,813	6.2%
#84	Environmental Quality	Total	5,534,394	5,835,796	0	5,835,796	6,063,609	0	6,063,609	301,402	5.4%	227,813	3.9%
#85	Retirement Board	Oper	46,645,251	47,477,438	0	47,477,438	46,400,000	903,239	47,303,239	832,187	1.8%	(174,199)	-0.4%
#85	Retirement Board	Total	46,645,251	47,477,438	0	47,477,438	46,400,000	903,239	47,303,239	832,187	1.8%	(174,199)	-0.4%
#87	Account/Disclosure	Oper	468,402	484,947	0	484,947	497,268	1,200	498,468	16,545	3.5%	13,521	2.8%
#87	Account/Disclosure	Total	468,402	484,947	0	484,947	497,268	1,200	498,468	16,545	3.5%	13,521	2.8%
#91	Tourism Commission	Aid	250,000	250,000	0	250,000	250,000	0	250,000	0	0.0%	0	0.0%
#91	Tourism Commission	Oper	250,000	0	0	0	0	0	0	(250,000)	-100.0%	0	na
#91	Tourism Commission	Total	500,000	250,000	0	250,000	250,000	0	250,000	(250,000)	-50.0%	0	0.0%
#93	Tax Equal/Review	Oper	730,051	816,079	0	816,079	837,359	0	837,359	86,028	11.8%	21,280	2.6%
#93	Tax Equal/Review	Total	730,051	816,079	0	816,079	837,359	0	837,359	86,028	11.8%	21,280	2.6%
	Construction Total	Total	26,437,444	26,382,800	0	26,382,800	22,239,000	0	22,239,000	(54,644)	-0.2%	(4,143,800)	-15.7%
OPERATIONS			1,429,479,091	1,521,595,794	5,921,327	1,527,517,121	1,560,037,578	20,622,125	1,580,659,703	92,116,703	6.4%	59,063,909	3.9%
STATE AID			2,649,908,995	2,723,825,275	(12,547,609)	2,711,277,666	2,814,979,102	(6,186,968)	2,808,792,134	73,916,280	2.8%	84,966,859	3.1%
CONSTRUCTION			26,437,444	26,382,800	0	26,382,800	22,239,000	0	22,239,000	(54,644)	-0.2%	(4,143,800)	-15.7%
TOTAL GENERAL FUNDS			4,105,825,530	4,271,803,869	(6,626,282)	4,265,177,587	4,397,255,680	14,435,157	4,411,690,837	165,978,339	4.0%	139,886,968	3.3%

## Appendix C

### General Fund Appropriations by State Aid Program

		FY2014-15 w/o Deficits	FY2015-16			FY2016-17			Change over Prior Year (exclude deficits)			
			Per 2015 Session	2016 Deficits	Revised 2016 Session	Per 2015 Session	2016 Change	Revised 2016 Session	FY16 \$ Change	FY16 % Change	FY17 \$ Change	FY17 % Change
Courts	Court Appointed Special Advocate	200,000	300,000	0	300,000	300,000	0	300,000	100,000	50.0%	0	0.0%
Education	TEEOSA State Aid to Education	913,571,842	950,651,625	(4,111,963)	946,539,662	956,243,013	(4,089,432)	952,153,581	37,079,783	4.1%	1,501,956	0.2%
Education	Special Education	213,767,961	219,112,160	0	219,112,160	224,589,964	(2,526,847)	222,063,117	5,344,199	2.5%	2,950,957	1.3%
Education	Aid to ESU's	14,051,761	14,051,761	0	14,051,761	14,051,761	0	14,051,761	0	0.0%	0	0.0%
Education	High ability learner programs	0	0	0	0	2,342,962	0	2,342,962	0	na	2,342,962	na
Education	Early Childhood grant program	5,235,164	1,820,164	0	1,820,164	3,770,164	0	3,770,164	(3,415,000)	-65.2%	1,950,000	107.1%
Education	Early Childhood Endowment	4,000,000	4,000,000	0	4,000,000	5,000,000	0	5,000,000	0	0.0%	1,000,000	25.0%
Education	Nurturing Healthy Behaviors	400,000	400,000	0	400,000	400,000	0	400,000	0	0.0%	0	0.0%
Education	School Lunch	392,032	392,032	0	392,032	392,032	0	392,032	0	0.0%	0	0.0%
Education	Textbook loan program	465,500	465,500	0	465,500	465,500	0	465,500	0	0.0%	0	0.0%
Education	School Breakfast reimbursement	453,008	542,595	0	542,595	561,042	0	561,042	89,587	19.8%	18,447	3.4%
Education	Adult Education	214,664	214,664	0	214,664	214,664	0	214,664	0	0.0%	0	0.0%
Education	Learning Communities Aid	725,000	500,000	0	500,000	500,000	0	500,000	(225,000)	-31.0%	0	0.0%
Education	Summer Food Service grants	130,000	130,000	0	130,000	130,000	0	130,000	0	0.0%	0	0.0%
Education	High School Equivalency Assistance	750,000	750,000	0	750,000	750,000	0	750,000	0	0.0%	0	0.0%
Education	Step Up Quality Child Care-Scholarship	100,000	100,000	0	100,000	100,000	0	100,000	0	0.0%	0	0.0%
Education	Step Up Quality Child Care-Bonus	26,700	69,000	0	69,000	69,000	0	69,000	42,300	158.4%	0	0.0%
Education	Master Teacher Program	0	470,000	0	470,000	470,000	0	470,000	470,000	na	0	0.0%
Education	Expanded Learning Opportunity Grant	0	0	250,000	250,000	0	0	250,000	0	na	0	na
Education	Vocational Rehabilitation	2,101,250	0	0	0	0	0	0	(2,101,250)	-100.0%	0	na
Agriculture	Riparian Vegetation grants	0	0	0	0	0	975,000	975,000	0	0.0%	975,000	100.0%
Revenue	Homestead Exemption	73,521,000	71,000,000	600,000	71,600,000	71,315,000	1,200,000	72,515,000	(2,521,000)	-3.4%	1,515,000	2.1%
Revenue	Personal Property Tax Relief Act	0	0	0	0	19,600,000	0	19,600,000	0	na	19,600,000	na
DHHS	Behavioral Health Aid	67,444,214	69,421,172	0	69,421,172	74,044,769	(200,000)	73,844,769	1,976,958	2.9%	4,423,597	6.4%
DHHS	Medical student assistance/RHOP	787,086	787,086	0	787,086	787,086	0	787,086	0	0.0%	0	0.0%
DHHS	Children's Health Insurance	27,560,027	12,408,257	(4,500,000)	7,908,257	6,646,762	(206,368)	6,440,394	(15,151,770)	-55.0%	(5,967,863)	-48.1%
DHHS	Public Assistance	110,319,888	111,909,169	transfer	101,909,169	113,094,067	(5,000,000)	108,094,067	1,589,281	1.4%	(3,815,102)	-3.4%
DHHS	Medicaid	777,723,897	818,751,907	(20,000,000)	798,751,907	861,800,928	(11,541,584)	850,259,344	41,028,010	5.3%	31,507,437	3.8%
DHHS	Child Welfare aid	137,778,999	142,549,735	transfer	152,549,735	145,248,431	14,945,187	160,193,618	4,770,736	3.5%	17,643,883	12.4%
DHHS	Developmental disabilities aid	137,040,195	145,556,246	13,214,354	158,770,600	150,660,905	7,076	150,667,981	8,516,051	6.2%	5,111,735	3.5%
DHHS	Community health centers	4,308,060	5,708,060	1,000,000	6,708,060	5,783,060	0	5,783,060	1,400,000	32.5%	75,000	1.3%
DHHS	Health Aid	6,437,612	7,077,612	0	7,077,612	6,917,612	0	6,917,612	640,000	9.9%	(160,000)	-2.3%
DHHS	Care Management	2,225,644	2,270,157	0	2,270,157	2,315,560	0	2,315,560	44,513	2.0%	45,403	2.0%
DHHS	Area agencies on aging	7,237,821	7,598,555	0	7,598,555	8,134,141	0	8,134,141	360,734	5.0%	535,586	7.0%

		FY2014-15 w/o Deficits	FY2015-16			FY2016-17			Change over Prior Year (exclude deficits)			
			Per 2015 Session	2016 Deficits	Revised 2016 Session	Per 2015 Session	2016 Change	Revised 2016 Session	FY16 \$ Change	FY16 % Change	FY17 \$ Change	FY17 % Change
Nat Resources	Nebr Water Conservation Fund	2,318,036	2,318,036	0	2,318,036	2,318,036	0	2,318,036	0	0.0%	0	0.0%
Nat Resources	Resources Development Fund	13,633,118	3,140,325	0	3,140,325	3,140,325	0	3,140,325	(10,492,793)	-77.0%	0	0.0%
Nat Resources	NRD Water Management grants	350,000	0	0	0	0	0	0	(350,000)	-100.0%	0	na
Military Dept	Governors Emergency Program	500,000	250,000	0	250,000	250,000	0	250,000	(250,000)	-50.0%	0	0.0%
Military Dept	Guard tuition assistance	488,775	608,775	0	608,775	608,775	0	608,775	120,000	24.6%	0	0.0%
Game & Parks	Niobrara Council	42,011	42,011	0	42,011	42,011	0	42,011	0	0.0%	0	0.0%
Library Comm	Local libraries	1,209,240	1,271,970	0	1,271,970	1,295,085	0	1,295,085	62,730	5.2%	23,115	1.8%
Corrections	Vocational and Life Skills Program	3,500,000	3,500,000	0	3,500,000	3,500,000	0	3,500,000	0	0.0%	0	0.0%
Coord. Comm	Nebr Opportunity Grant Program	6,868,156	6,868,156	0	6,868,156	6,868,156	0	6,868,156	0	0.0%	0	0.0%
Coord. Comm	Access College Early Scholarship	685,000	735,000	0	735,000	735,000	250,000	985,000	50,000	7.3%	250,000	34.0%
Arts Council	Aid to arts programs	903,069	940,069	0	940,069	943,069	0	943,069	37,000	4.1%	3,000	0.3%
Econ Develop	State aid to development districts	0	500,000	0	500,000	500,000	0	500,000	500,000	na	0	0.0%
Econ Develop	Business Innovation Act	6,760,000	6,760,000	0	6,760,000	6,760,000	0	6,760,000	0	0.0%	0	0.0%
Econ Develop	Grow Nebraska	100,000	100,000	0	100,000	100,000	0	100,000	0	0.0%	0	0.0%
Crime Comm	Juvenile services grants	587,812	587,812	0	587,812	587,812	0	587,812	0	0.0%	0	0.0%
Crime Comm	Community Based Juvenile Services	4,950,000	6,300,000	0	6,300,000	6,300,000	0	6,300,000	1,350,000	27.3%	0	0.0%
Crime Comm	Crimestoppers program	13,457	13,457	0	13,457	13,457	0	13,457	0	0.0%	0	0.0%
Crime Comm	County Justice Reinvestment Grants	0	0	0	0	500,000	0	500,000	0	na	500,000	na
Crime Comm	Victim Witness assistance	52,559	52,559	0	52,559	52,559	0	52,559	0	0.0%	0	0.0%
Crime Comm	Crime Victims reparations	20,000	20,000	0	20,000	20,000	0	20,000	0	0.0%	0	0.0%
Crime Comm	Violence Prevention Grants	350,000										
Blind & Vis Imp	Blind rehabilitation	176,890	350,000	0	350,000	350,000	0	350,000	0	0.0%	0	0.0%
Comm Colleges	Aid to Community Colleges	95,040,351	176,890	0	176,890	176,890	0	176,890	0	0.0%	0	0.0%
Environ Qty	Superfund cleanup	316,200	97,891,562	1,000,000	98,891,562	100,828,308	0	100,828,308	2,851,211	3.0%	2,936,746	3.0%
Environ Qty	Storm Water Management grants	1,824,996	316,200	0	316,200	316,200	0	316,200	0	0.0%	0	0.0%
Tourism Comm	Tourism grant program	250,000	1,824,996	0	1,824,996	1,824,996	0	1,824,996	0	0.0%	0	0.0%
	Individuals/Other	1,304,901,886	1,348,844,879	(10,285,646)	1,338,559,233	1,400,266,359	-1,745,689	1,398,520,670	43,942,993	3.4%	49,675,791	3.7%
	Local Government	1,345,007,109	1,374,980,396	(2,261,963)	1,372,718,433	1,414,712,743	(4,441,279)	1,410,271,464	29,973,287	2.2%	35,291,068	2.6%
	Total General Fund State Aid	2,649,908,995	2,723,825,275	(12,547,609)	2,711,277,666	2,814,979,102	(6,186,968)	2,808,792,134	73,916,280	2.8%	84,966,859	3.1%

## Appendix D

### Historical Variance, Projected vs Actual General Fund Receipts

Millions of \$	Projected Sine Die	Actual Receipts	\$ Variance	% Variance	
				Negative	Positive
FY 1986-87	878.0	886.4	8.4		1.0%
FY 1987-88	924.3	1,016.3	92.0		10.0%
FY 1988-89	988.4	1,133.5	145.1		14.7%
FY 1989-90	1,110.9	1,152.7	41.8		3.8%
FY 1990-91	1,334.6	1,367.1	32.5		2.4%
FY 1991-92	1,493.2	1,490.4	(2.8)	-0.2%	
FY 1992-93	1,537.3	1,524.7	(12.6)	-0.8%	
FY 1993-94	1,662.5	1,653.7	(8.8)	-0.5%	
FY 1994-95	1,729.9	1,706.0	(23.9)	-1.4%	
FY 1995-96	1,834.3	1,836.7	2.4		0.1%
FY 1996-97	1,918.0	2,009.6	91.6		4.8%
FY 1997-98	1,993.8	2,105.4	111.6		5.6%
FY 1998-99	2,102.9	2,123.9	21.0		1.0%
FY 1999-00	2,326.3	2,403.9	77.6		3.3%
FY 2000-01	2,484.3	2,456.8	(27.5)	-1.1%	
FY 2001-02	2,646.0	2,365.5	(280.5)	-10.6%	
FY 2002-03	2,725.7	2,456.4	(269.3)	-9.9%	
FY 2003-04	2,732.0	2,718.7	(13.3)	-0.5%	
FY 2004-05	2,775.5	3,037.2	261.7		9.4%
FY 2005-06	3,092.3	3,352.2	259.9		8.4%
FY 2006-07	3,217.0	3,408.3	191.4		5.9%
FY 2007-08	3,389.2	3,506.1	116.9		3.5%
FY2008-09	3,531.7	3,357.5	(174.3)	-4.9%	
FY2009-10	3,446.7	3,204.7	(242.0)	-7.0%	
FY2010-11	3,422.2	3,499.7	77.4		2.3%
FY2011-12	3,591.1	3,695.9	104.8		2.9%
FY2012-13	3,767.1	4,052.4	285.3		7.6%
FY2013-14	4,020.7	4,117.4	96.7		2.4%
FY2014-15	4,220.5	4,305.1	84.6		2.0%
FY2015-16 est	4,473.9	4,420.0	(53.9)	-1.2%	
FY2016-17 est	4,645.4	4,575.0	(70.4)	-1.5%	
FY2017-18 est	4,790.5	4,747.5	(43.0)	-.9%	
FY2018-19 est	4,948.4	4,948.4	0.0		
Average Variance				-4.4%	4.7%

In the “Actual Receipts” column, the numbers for FY2015-16 through FY2018-19 are the most current estimates used in the Financial Status.